The **NATIONAL UNDERWRITER**

The National Weekly Newspaper of Fire and Casualty Insurance

June 27, 1958

62nd Year, No. 26

Court Finds Holz Didn't Back His Disapproval With Facts, Figures

NEW YORK—In "annulling" the disapproval of an auto liability rate increase by Superintendent Leffert Holz, the state supreme court, appellate division, emphasized the failure of the insurance department to sustain the principal reasons for disapproving by facts and figures.

The nature and content of the superintendent's decision in these cases, the court stated in its opinion, "based on broad expressions of judgment and administrative policy, serve to point up very sharply the clear necessity for specific findings upon the factual issues, made in terms of the statistical and monetary factors involved.

"Such findings," the court continued, "re necessary in aid of intelligent ...cial review and that necessity is ...phasized when, as here, the factors ...volved are numerous and complex, ...ut disapproval may properly rest on ...nsideration of but some of them and ...ay not require a determination of ...ll of the issues presented."

The court dealt principally with the ...st of the three reasons Mr. Holz ...'or turning down the increase. That was the idea that the rate level changes as filed by the bureaus were based on loss experience for only two years, a period too limited and one that does not constitute a sufficiently credible base.

The court spent little time on Mr. Holz's argument that the loading for administration expense is predicated on an unsound basis, and very little on his argument that there has been insufficient time to evaluate the experience under compulsory automobile.

The court found that the increases asked—9.5% for private passenger cars and 5.9% for commercial vehicles, with a 1.8% decrease for certain garage risks—were not "excessive," as contended by Mr. Holz. The cases were sent back to the department by the court with instructions for further proceedings consistent with the court's opinion.

The five judges were unanimous in the opinion.

Noting that no rate dispute of this nature previously has been litigated in the state, the court observed that as between the 58 rating territories in the state, the proposed rate revisions are not uniform and, in fact, involve decreases for passenger vehicles, in one or more classifications, in 27 of these territories and general decreases in certain other categories as well. The rates which would result from the revision sought would also vary greatly in different territories. For example, the lowest proposed rate is $39.40 in Jefferson county and the highest is $395.60 in Kings county, in each case for coverage of 10|20|5.

Certain conclusions are immediately apparent upon consideration of the New York rating statute in the light of federal legislation (public law 15) which occasioned revision of the state law in 1948, and in the light, also of the decision in the Southeastern Underwriters Assn. case which impelled that Congressional action, the court observed.

Obviously, regulation that would be effective and not merely perfunctory was contemplated, whatever the form of the ratemaking process. The statute preserved the concept of cooperative regulatory action by continuing the function of the rating organization,

(CONTINUED ON PAGE 25)

IAC Discusses Job Ahead For Ad Men In Communications

Need To Explain Business, Sell Public; W. W. Clement Is Elected President

By JOHN N. COSGROVE

FALMOUTH, MASS.—More than 140 registrants—Insurance Advertising Conference members, their wives and award winning guests—shivered in clear but frigid Cape Cod weather

W. W. Clement

E. V. Schenke

at President Edmund V. Schenke's outdoor poolside reception opening the four day annual convention at the Cape Codder hotel on Sunday, June 22.

The chilled delegates sought comfort in hot clam broth, other libations and warm preliminary discussions of the growing importance of company advertising managers and the big communications job ahead which management has lately recognized. This theme, "Lets stop talking to ourselves," was repeated in the president's report and in other formal talks reported in this and next week's issue of THE NATIONAL UNDERWRITER.

W. W. Clement, public relations

(CONTINUED ON PAGE 29)

AGENT TALKS

Bureau Companies Vote 20% Factor For Production

...EW YORK—The automobile rat... committee of National Bureau of ...asualty Underwriters has been em...oyed to revise the rating formula for ...tomobile liability insurance by the ...troduction of a 20% total production ...st allowance, except on public au...mobiles and long haul trucks.

However, before taking formal ac...n to change the formula in the in...vidual states the automobile rating ...nmittee will undertake to discuss ... situation with the individual state ...nts' associations, the bureau stated. The membership of the bureau has ...ted to proceed on this basis in ac...rd with recommendations of its ex...utive committee and also of its auto...bile service subscribers, the bureau ...d.

The proposed change is intended to ... bureau members and subscribers ...d their producers in a sounder com...titive position with respect to in...ers having lower expense factors ... their rates, the bureau explained. The bureau pointed out that com...y expenses, as reported by them ... reviewed annually and as a result ...ce 1952 there has been a 26½ re...tion, from 7.4% to 5.5% in the pro...on in the rates for general admin...ation expense.

Lawyers, Doctors And Adjusters Defraud Insurers Of Millions In Brooklyn Cases

Lawyers, doctors, auto body repairmen, insurance brokers and adjusters, and other persons have conspired to defraud insurers of millions of dollars in Kings county (Brooklyn), it is charged by George A. Arkwright, justice of the New York supreme court, and head of a special judicial inquiry which has been investigating the situation.

In an interim report, the judge recommends informing the state insurance department of facts pertaining to the acceptance of money, liquor and gifts in large quantities by 15 employes, most of them supervisory personnel, of 14 casualty insurers, as well as the practice generally prevalent among employes and others associated with insurers of accepting gifts from persons with whom they should be dealing at arm's length.

The inquiry was launched in January, 1957, and in the period since, operating out of a special office in Brooklyn with soundproofed walls, 4,422 persons have appeared "and signed the visitor's book." Supoenas have been served on 2,150 persons and approximately 5,000 insurance company files were subpoenaed and reviewed, along with files of the city of New York and the transit authority. However, most of the claims made and actions commenced are against defendants represented by casualty insurers.

The inquiry was launched by the appellate division, a second department, of the supreme court. While dealing principally with a Kings county situation, it is apparent that the inquiry has reached into all corners of New York City. Denis M. Hurley, Brooklyn attorney, is counsel for the inquiry.

"A sordid picture of unethical, unlawful and sometimes criminal practices by certain attorneys and persons acting in concert with them has been

(CONTINUED ON PAGE 29)

Honor graduates of the 45th class of North America's school for agents receive their diplomas from Bradford Smith Jr., executive vice-president. Left to right are: Robert C. Borwell Jr., Marsh & McLennan, Chicago; Robert C. Franz, Morgan & Franz, San Bernardino, Cal.; James M. Crosby III, J. S. Crosby & Co., Grand Rapids, Mich.; Mr. Smith; Edwin C. Boos, Flood & Peterson, Greeley, Colo.; A. Brown Harvey Jr., Byers & Harvey, Clarksville, Tenn.; Robert H. Mann Jr., Mann, Kerdolff, Kline & Welsh, Kansas City; and D. R. Liddell, Fox-Everett, Jackson, Miss. Thirty agents from 21 states were graduated.

Casualty Business A $170 Million Loser, Argus Chart Shows

1957 Results Summarized; Auto BI Loss Ratio 80%; 719 Insurers Reported On

The tabulation of 1957 results in the casualty business as published in the 1958 *Argus Casualty & Surety Chart* shows the same disastrous experience as was indicated a few weeks ago in a similar tabulation of fire insurance results. The loss from underwriting before dividends to policyholders by the 189 companies writing $5 million or more in casualty premiums was $171,868,799. Dividends to policyholders were $170,956,016. This loss compares to a gain before dividends in 1956 by 207 companies of $48,243,918. These same companies had a decrease in surplus in 1957 of $381,607,621 compared with a gain in 1956 of $179,187,122.

This tabulation (summarized below) represents approximately 93% of the total business of the 719 companies whose individual figures are given in detail in the *Argus Chart.* Included are 131 stock companies, 45 mutual companies, and 13 reciprocal and Lloyds.

Premiums Written Up 9%

Net premiums written of the 189 companies increased 9% over the 1956 total to $8,247,560,993. Premiums earned increased $593,098,675 to a total of $7,898,581,552, with losses and loss expenses incurred of $5,354,416,293 for a loss ratio of 67.8. With an expense ratio of 32.9 this makes a combined loss and expense ratio of 100.7 contrasted with 98.2 for 1956.

Similar results are indicated in the separate totals for each of the three types of companies—the 131 stock companies producing net premiums written of $6,172,215,434, up 11.4%

(CONTINUED ON PAGE 30)

Urge Tighter Rein On A&S Insurers In Ark.

LITTLE ROCK—Tighter control over accident and sickness insurance and the possible establishment of an insurance commission to work with the department in its jurisdiction over all insurance operations was recommended here last week by the committee on corporations, insurance and banking of the Arkansas Legislative Council. The recommendations are to be transmitted to the full legislative council along with suggestions that the legislative council lend its support to the recodification commission headed by Commissioner Combs, that a schedule of minimum benefits for A&S policies be established as a kind of basic standard for the A&S business, and that steps be taken toward enactment of a qualification law for A&S agents.

Doctor Relates Abuses

The committee action followed a hearing at which Dr. Sam G. Jameson, El Dorado, chairman of the insurance committee of Arkansas Medical Society, cited numerous instances of reportedly illegal or unethical practices by a few A&S companies and their agents. Dr. Jameson had before him a pile of statements charging such things as misrepresentation of policy provisions by agents, misleading advertising in local papers, agents filling out application blanks and not giving correct information on applicant's health status, and the actions of certain companies in unsatisfactory claim procedures, usually stemming from policies offering limited benefits. As an example of agent irresponsibility he cited a case in which a 62-year old woman was sold an A&S policy with a maternity and obstetrical benefits rider for which an extra premium was charged. He attacked the unlimited cancellation privilege of some policies which permitted, he said, a company in some instances to cancel out while the insured was in the hospital.

Mr. Combs emphasized that most of the complaints to the department and many of those cited by Dr. Jameson come from the operations of a relatively few companies, and many of these are due to the kind of agents these companies put into the field. He stressed that the department has no control over benefits or premiums of A&S policies.

Stiff Boosts In Texas Auto Rates Expected Soon

AUSTIN—Substantial increases in Texas automobile insurance rates were proposed by both the staff of the department and company spokesmen in the annual rate hearing here June 20. It is expected department will announce its decision within a week, with the new rates to become effective Aug. 1.

Staff proposals, as submitted by Angus McDonald, chief actuary, called for statewide average rate increases of 22.1% for comprehensive, 14.3% for BI and PDL and 12.3% for collision.

Recommended increases, proposed by R. B. Cousins, attorney for the Texas Automobile Insurance Service Office, were 36.6% for comprehensive if full coverage on glass is retained, 24.7% for BI and PDL, and 19.7% for collision. The organization represents 385 companies writing about 99% of the auto business in the state.

Mr. Cousins added that an average statewide increase of 21.3% for comprehensive would be adequate if the board accepts his group's recommendation to make insured pay 20% of glass replacement costs, except for damage caused by collision.

Mr. Cousins further urged that the board consider prospective future experience brought about by rising costs, along with full experience data, in setting the new rates since "insurance companies cannot go on year after year sustaining horrendous losses."

The largest recommended increases would apply to Dallas county.

Finis For Franklin American; Parent's Fate Still In Doubt

AUSTIN—Permanent receivershi for Franklin American of Dallas, stoc fire and casualty affiliate of Insur- Omedic Life, whose business fat awaits final decision, was ordered Jun 19 following a show-cause hearing o charges that the firm had a deficit o $738,917 as of last Dec. 31.

The charges had been filed b William A. Harrison, insurance com- missioner, who alleged irregularitie in stock transactions, real estate in- vestments and the handling of check Key figures in the company are Pio neer Fisher, chairman of the boar and former president of InsurOmedi Life, and Harold A. Sullens, executiv vice-president.

Mr. Harrison charged that Frankli American had violated the securitie act by selling stock without obtainin a license; that it had issued 35,00 shares of stock to Allsura Corp., owne by the Fisher family, in exchange fo furniture and office supplies, and tha it had purchased 72,256 shares o InsurOmedic stock from the Allsur Corp.

InsurOmedic Fights For Life

Directors of InsurOmedic Life, head ed by John P. Green and Lewis B. Lef kowitz, Dallas attorneys, vigorousl sought a renewal certificate of author ity. They pointed out that the firm' current operational deficit is onl $7,970, which can be offset as a capit reduction.

Commissioner Harrison's hearin order on InsurOmedic Life set th surplus deficit as of Dec. 31, 1957, a $883,857. He alleged 14 "irregularities involving improper real estate trans actions, illegal loans and other cod violations.

—

Employers Mutual Casualty h appointed Walter Waskel claim super visor for the Denver office.

TOTALS OF 1957 AND 1956 BUSINESS

Classification of CASUALTY business only, of all companies, including fire companies, appearing in the Argus Casualty Chart that had casualty net premiums written of $5,000,000 or more.

CLASSIFICATION	1957 131 Stock Companies Figures in thousands (000 omitted)			1956 142 Stock Companies Figures in thousands (000 omitted)			1957 45 Mutual Companies Figures in thousands (000 omitted)			1956 51 Mutual Companies Figures in thousands (000 omitted)			1957 13 Reciprocals & Lloyds Figures in thousands (000 omitted)			1956 14 Reciprocals & Lloyds Figures in thousands (000 omitted)		
	Premiums Earned	Losses & Loss Exp. Incurred	%	Premiums Earned	Losses & Loss Exp. Incurred	%	Premiums Earned	Losses & Loss Exp. Incurred	%	Premiums Earned	Losses & Loss Exp. Incurred	%	Premiums Earned	Losses & Loss Exp. Incurred	%	Premiums Earned	Losses & Loss Exp. Incurred	%
Auto Physical Damage	577,744	383,741	66.4	607,425	372.741	61.4	295,819	194,975	65.9	304.241	188,082	61.8	114,055	68,050	59.7	107,587	64.637	60.1
Auto Liability (B. I.)	1,208,822	977,524	80.9	1,148.411	869,710	75.7	457,091	361.959	79.2	448,974	360.836	80.4	99,584	68.369	68.6	89,620	64,613	72.1
Auto Liability (P. D.)	561,135	386,476	68.9	557,341	363,789	65.3	216.041	152,691	70.7	221.261	158,593	71.7	57,466	37,146	64.6	54,961	36,996	67.3
Other Auto	1.802	1,699	94.3	....	....	...	1,773	914	51.6	1,539	....	...	15	4	26.7	212	57	26.9
TOTAL AUTOMOBILE	2,349.503	1,749,440	74.5	2,317,177	1,606,240	69.4	970.724	710,539	73.2	976,045	707,511	72.5	271,120	173.560	64.0	252,380	166,333	65.9
Individual Accident & Health	145,806	66,919	45.9	143,337	66,131	46.1	9.804	5.187	52.9	12,926	7,318	56.6	1,409	624	44.3	1,142	1,385	121.3
Group Accident & Health	408,419	347,571	85.1	342,967	285,249	83.2	75,059	70,272	93.6	77.456	67,754	87.5	984	409	41.6	771	235	30.5
Boiler & Machinery	46,128	15.083	32.7	46,330	8,181	17.7	14.190	4,075	28.7	18 073	3,944	21.8	123	313	254.5	125	141	112.8
Burglary	92,692	45,606	49.2	93.613	48,960	52.3	5,524	3,326	60.2	6,599	3,398	51.5	525	308	58.7	613	238	38.8
Credit	3,387	688	20.3	7,991	1,388	17.4	96	16	16.7	98	29	29.6	....	....	...	....	....	...
Fidelity	73.891	37,306	50.5	71.693	32,649	45.5	4,211	2,308	54.8	4.717	2,543	53.9	666	922	138.4	666	216	32.4
Glass	29,843	15,405	51.6	30,690	16,150	52.6	3,862	1,672	43.3	3,565	1.990	55.8	10	4	40.0	15	7	46.7
Liability not Auto (B. I.)	400,907	288,155	71.9	393,509	212,140	53.9	101.401	58,855	58.0	104,228	71,242	68.4	8,867	3.731	42.1	8,024	4,391	54.7
Liability not Auto (P. D.)	98.418	53,417	54.3	94,292	49.776	52.8	20,970	14,559	69.4	20,877	14,456	69.2	1,974	733	37.1	1,638	1,347	82.2
Livestock	6	....	...	1	....	...	7	1	14.3	11	8	72.7	884	363	41.1	1,045	400	38.3
Surety	147,575	54.253	55.1	144,293	57.649	40.0	1,179	147	12.5	1,285	339	26.4	142	40	28.2	116	30	25.9
Workmen's Compensation	700,782	485,309	69.3	666,484	450,348	67.6	348,992	222,944	63.9	361.852	240.541	66.5	20,263	13,743	67.8	17,211	10.810	62.8
Miscellaneous	3,054	2,696	88.3	35,110	20,379	58.0	70	52	74.3	104	978	...	18	....	...	23	—5	...
GRAND TOTAL	4,500,413	3.161,848	70.3	4,383.487	2,855.240	65.1	1,556.089	1,093,953	70.3	1,587,836	1,122,051	70.7	306,985	194,750	63.4	283,769	185,528	65.4

			FINANCIAL REPORT*				OPERATING REPORT*					NET RESULTS*		
	Number of Co's.	Year	Assets	Liabilities	Surplus to Policyholders	Net Premiums Written	Premiums Earned	Losses & Loss Exp. Incurred	Underwriting Exp. Incurred	Ratios to Premiums: Losses to Earn.	Ratios to Premiums: Exp. to Writ.	Combined Loss & Exp.	Net Gain from Underwriting	Dividends to Policyholders	Increase in Surplus
Stock Companies	131	1957	12,042.469.400	7,841.777,554	4,200,691,846	6,172,215,434	5,911,973,441	3.953,566,513	2,202,664,580	66.9	35.7	102.6	—244.257,652	34,942,594	—373,417,114
	142	1956	12,520,605,135	7,961,576,114	4,559,029,021	5,537,025,543	5,319,428,533	3,411,940,799	1,984,220.444	64.1	35.8	99.9	—76 732.710	....	162.181,583
Mutual Companies	45	1957	2,689,974,144	2,050,176.454	639.797,690	1,766,547,943	1,693,509,459	1,193,138,053	424,813,638	70.5	24.0	94.5	75,557.768	123,174.701	—715 083
	51	1956	2,804.155,135	2.096.791,566	707.363,569	1,732,893,773	1,695,902,034	1,170,240,949	417,216,368	69.0	24.1	93.1	108,444.717	....	14.837.822
Reciprocals & Lloyds	13	1957	398,771,639	270,536.814	128,234.825	308.797,516	293,098,652	207,711,727	88,555,840	69.7	28.7	98.4	—3.168,915	12,838,721	—7,475,424
	14	1956	421,850,404	270,529,940	151,320,464	295,930,776	290.152,310	192,920,076	80,700.323	66.5	27.3	93.8	16 531 911	....	2.167,717
GRAND TOTALS	189	1957	15.131,215,183	10.162,490,822	4,968,724,361	8,247.560,993	7,898.581,552	5 354.416 293	2.716,034,058	67.8	32.9	100.7	—171,868,799	170,956.016	—381,607,621
	207	1956	15,746,610,674	10,328,897.620	5.417.713.054	7,565.850,092	7,305,482,877	4,775,101,824	2,482,137,135	65.4	32.8	98.2	48,243,918	....	179,187,122

*) TOTAL BUSINESS of the same companies whose casualty premiums and losses are classified above.

THE NATIONAL UNDERWRITER. Published weekly by the National Underwriter Company, Office of Publication, 175 W. Jackson Blvd., Chicago, Ill., U. S. A. 62nd year, No. 26, Friday, J 27, 1958, $7.50 per year (3 years, $20); Canada $8.50 per year (3 years, $23); Foreign $9 per year (3 years, $24.50). 30 cents per copy. Entered as second-class matter April 15, 1931, at the post off at Chicago, Ill., under Act of March 31, 1879.

Seek Uniform Auto AR Rates, Cover In Cal.

Two amendments to California Assigned Risk Plan rules and regulations have been submitted to Commissioner McConnell for approval. They are:

1. The plan should operate with uniform rates and premiums by all insurers without participating rights as to mutuals and reciprocals.

2. All policies shall be on a standard form with only basic coverage.

Thomas G. Aston Jr., manager, said considerable thought has been given to the matter of coverage since the introduction of the family auto policy, particularly the extent of coverage to assigned risks. Many companies have not adopted the family policy for AR business, continuing to use the national standard form or equivalent. The family policy, he said, was fundamentally developed for preferred risks voluntarily acceptable from an underwriting viewpoint. Those companies which have adopted the family policy feel they should not be forced to offer broad coverage to assigned risks. The broader coverage of the family policy is not required by the financial responsibility law, Mr. Aston added.

Limit Assigned Risk Coverage

The insurer of an assigned risk, he declared, should not be compelled to afford (a) non-owned automobile coverage to relatives of the insured, or (b) automatic coverage for newly acquired vehicles, thus extending credit to the assigned risk. The matter of extending credit is important, he noted, since in the majority of cases the producer of record is not a licensed agent of the company.

Mr. Aston said the annual report of premiums and losses under the plan shows extremely high losses through 1954 and 1955. As of June 6, experience of all companies for 1956 has not been received, but on the basis of reports from 144 companies or groups the combined loss and loss adjustment ratio is 119.2% as compared with an expected loss and loss adjustment ratio of 72.5%. On this basis, California assigned risk business cost the companies $1.47 for each $1 of premium.

This situation, Mr. Aston stressed, needs immediate correction as the assigned risk results have a serious effect upon the companies' over-all underwriting results and also proper steps should be taken to put the assigned risk business at least on a self-sustaining basis.

"At present," said Mr. Aston, "there is no uniformity of rates and classification systems for assigned risks. A risk may be assigned to a company using rates in excess of the average, whereas an identical risk is by pure chance assigned to a company using rates below the average."

May Fire Losses Show 8.3% Increase

Fire losses in the United States during May amounted to $85,633,000, National Board estimates. This represents an increase of 8.3% over losses for May, 1957, but is a decrease of 13.6% from losses of $99,061,000 for April, 1958.

Losses for the first five months of 1958 now total $491,187,000, still over the $1 billion annual pace first set in 1957, and an increase of 2.2% over the first five months of 1957.

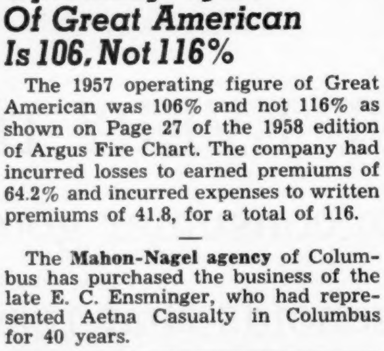
Losses for the first five months are:

	1958 $	1957 $	1956 $
Jan.	99,918,000	115,272,000	96,972,000
Feb.	103,853,000	95,569,000	84,041,000
March	102,722,000	104,565,000	89,315,000
April	99,061,000	85,994,000	84,624,000
May	85,633,000	79,045,000	87,681,000
Total	491,187,000	480,445,000	442,633,000

Operating Figure Of Great American Is 106, Not 116%

The 1957 operating figure of Great American was 106% and not 116% as shown on Page 27 of the 1958 edition of Argus Fire Chart. The company had incurred losses to earned premiums of 64.2% and incurred expenses to written premiums of 41.8, for a total of 116.

The **Mahon-Nagel agency** of Columbus has purchased the business of the late E. C. Ensminger, who had represented Aetna Casualty in Columbus for 40 years.



Carl Ernst (right), superintendent of agencies of North American Life & Casualty, receives his A&S "Man of the Year" award from Earl Montgomery, Provident Life & Accident, Los Angeles, chairman of the Harold R. Gordon memorial award committee Of International Assn. of A.&H. Underwriters. Mr. Ernst was a dual winner of the award this year with Travis Wallace, president of Great American Reserve of Dallas. The presentations were made at the annual convention of IAAHU at Los Angeles.

Wentworth, America Fore, Named V-P Of Loyalty Group

Loyalty group companies have appointed Nathan H. Wentworth as a vice-president.

N. H. Wentworth

Mr. Wentworth is a vice-president of America Fore companies of the America Fore Loyalty Group and a director of Royal General of Canada, a member of the group.

Mr. Wentworth entered insurance in 1933 with American Foreign Association in New York and in 1934 was assigned to the Paris branch. In 1939 he became manager of that office and in 1941 returned to New York. Later he joined Home and became Boston manager in 1942.

After army service, in which he was awarded six U. S. battle stars and the Croix de Guerre, he rejoined AFIA in New York, in 1945. In 1953 he joined America Fore as a secretary of all companies. He was appointed a vice-president in 1957. He will have headquarters at Loyalty's head office in Newark.

Home Is Going On Radio News Program

Beginning June 29, Home will sponsor "News From Home," a 5-minute news program featuring Douglas Edwards, newscaster. The show, which will originate from New York each Sunday evening at 7:25 to 7:30 p.m., EDT, will run through the summer and will be broadcast nationally over the CBS radio network.

The Home's Pacific coast news show, originating from Hollywood each Sunday evening at 6:25 p.m., PDT, will feature Carroll Alcott, leading CBS newscaster on the west coast.

Agents and brokers of Home may use local spot radio announcements and newspaper advertisements. Recorded commercials and newspaper mats, designed for local agents' use, are available without charge from Home. Representatives of local CBS radio stations will supply availabilities and cost of time and will assist agents in preparing live announcements.

Standard Accident has appointed G. K. B. Sebolt Jr. to chief underwriter at the Pittsburgh office.

North Heads Board Steering Committee

John A. North, president of Phoenix of Hartford, has been elected chairman of the executive committee of National Board. He is a former chairman of the public relations committee and the committee on statistics and origin of losses, and has been on the finance and laws committees.

John A. North

He joined Phoenix in 1925 as special agent in Texas, and in 1929 went to the New England field. He was then successively elected assistant secretary, secretary, vice-president and president in 1951.

Oregon Pond Elects G. C. Ratcliff MLG

Oregon pond of Blue Goose elected as 1958 officers Gerald C. Ratcliff, Ins. Co. of Oregon, MLG; Richard J. Chamberlain, Jones & Chamberlain adjusters, supervisor; P. G. Spexarth, Hansen & Rowland, custodian; Robert A. Stahl, Northern of New York, guardian; Jerome B. Buckley, Home, keeper; and Raymond J. Fritzler, Oregon Insurance Rating Bureau, wielder.

New Edition Of Hurricane Map Is Published By Cravens, Dargan & Co.

Cravens, Dargan & Co. of Houston has published a new edition of its hurricane map, charting Caribbean and Atlantic storms of 1947-1957. The general agency has been producing these maps for 71 years since 1887, and remarks that in the last 11 years there has been a definite shift eastward of the paths followed by most tropical storms. Texas is no longer the terminus, that distinction now going to the entire east coast.

Uphold St. Louis Decision On FTC Cease And Desist Order

ST. LOUIS—U.S. court of appeals in St. Louis has dismissed the petitions of American Life & Accident and Automobile Owners Safety Ins. Co., both seeking a review of the two to one decision by the appellate court upholding cease and desist orders of the Federal Trade Commission. In addition to denying the petitions for rehearing, the court has affirmed the cease and desist orders and ordered them enforced.

Gives IAC Food For Advertising Thought

"It is always dangerous to underestimate the power of fire, women and competition," William W. Ellis, field supervisor of Aetna Casualty, told the annual meeting of Insurance Advertising Conference at Falmouth, Mass. He said that the stock agency system is on fire.

Regarding competition, Mr. Ellis said that as he looked at the June 6 issue of THE NATIONAL UNDERWRITER he smelled smoke when he noted that the list of the 20 leading automobile insurers of 1957 showed the first three were not members of the stock company marketing household. "Only four of our boys are in the first 10," he noted.

He smelled more smoke when he compared the automobile loss ratios of stock companies with those of companies working the other side of the street. But, he aded, the fumes really get thick when independent agents are engaged with their companies in legal fisticuffs—a reference to the suit of California Assn. of Insurance Agents against insurers for allegedly acting in concert on commissions.

Mr. Ellis mentioned these grave situations in connection with his presentation as an "outsider" giving his views to the advertising managers on what they advertise—not how they advertise.

Cites Stock Insurer Services

He pointed out that over the years the stock companies have developed valuable products and services that have brought security to millions of policyholders, profits to shareholders and a satisfactory livelihood to agents and brokers countrywide. He does not think that because some agents are incompetent, fat or lazy that the entire agency system should be rejected. Nor does he believe that simply because it is popular to say that the public is interested only in price, that the stock companies should abandon quality and service and madly compete with everybody else to see who can offer the most unsatisfactory product at the lowest price.

Mr. Ellis admitted that many changes in time honored customs and practices are long overdue. The stock companies can thank the direct writers for sounding the alarm while "the fire is still in the smoke stage."

The companies must go about the business of "closing the gap"—narrowing the price range—and this will be done by more ingenious underwriting, time and money saving methods and other innovations for efficiency and economy. In these efforts, Mr. Ellis said, the companies must not toss away the values which make up their strength. He identified these as protection that "works in the clutches," the personal approach, and the fundamental strength of producers in every community, who should not be sold short.

In times of emergency there is always the temptation to match a hot fire with a hot head, and Mr. Ellis urged the business not to "throw the baby out the window."

Hearing On Rate Increase

Superintendent Julius S. Wikler will hold a public hearing July 22 in Buffalo on application of Western New York Medical Plan, the Buffalo Blue Cross, for an average increase in its rates of 40.72%. Mr. Wikler recently gave Associated Hospital Service of New York City a 22.3% increase. It had asked for 40%.

Rate Rises Ill-Timed When Solons Meet

J. H. Ledbetter, general manager of the southern department of Hartford Fire and president of Southeastern Underwriters Assn., declared that recent experience in Georgia in filing for fire rate increases highlight the fact that there is never a good time to increase rates, but the worst time is when the legislature is in session. He spoke at the annual meeting of SEUA at Hot Springs, Va.

J. H. Ledbetter

It is possible to improve the timing of filings and the business can learn its way around in the political field, he said. But it has a big job ahead in public relations.

Fault Is Our Own

The public does not understand the business, and the fault lies "at our own doorsteps," he declared. The sale of a policy is different from that of a tangible product. Most insured buy coverage year after year and never have a loss. They recall premiums paid out and feel costs are too high. Only if a major loss hits them—are they convinced of the merits of insurance, and Mr. Ledbetter suggested an information program to tell the public how the business operates and where the premium dollar goes.

In light of the greater diversity of risks and complexity of forms today, coupled with state investigation of rates and federal probing of the business, there is a greater need than ever for the SEUA, he said. He recalled efforts of some companies to eliminate auditing of daily reports and noted that as far back as 1913 a committee had been appointed to consider the closing of stamping offices. This group not only recommended continuation of the offices but urged tightening of the rules, and the executive committee agreed.

Correct Ambiguous Contracts

"We are having trouble in a number of states in getting rate increases and will probably have more trouble in other states," Mr. Ledbetter stated. "In the meantime, let's stop paying losses that were not intended to be covered under the contracts. If our contracts are ambiguous, then correct them."

He pointed out that in good years effort was made to prevent rate reductions by developing broader coverage —such as the broad and special dwelling forms. Many legitimate losses are being paid under these forms, he said, but many others are not being adjusted and paid in accord with the terms of the contracts. Under these forms and the similar comprehensive dwelling and homeowners policies, coverage is extended under certain conditions to include replacement cost of the loss —although the forms clearly set forth that full replacement cost is not due and payable until the replacement is actually completed. In such cases, insured may claim actual cash value loss prior to replacement and upon its completion may then claim the difference between actual cash value loss and replacement cost loss, Mr. Ledbetter said.

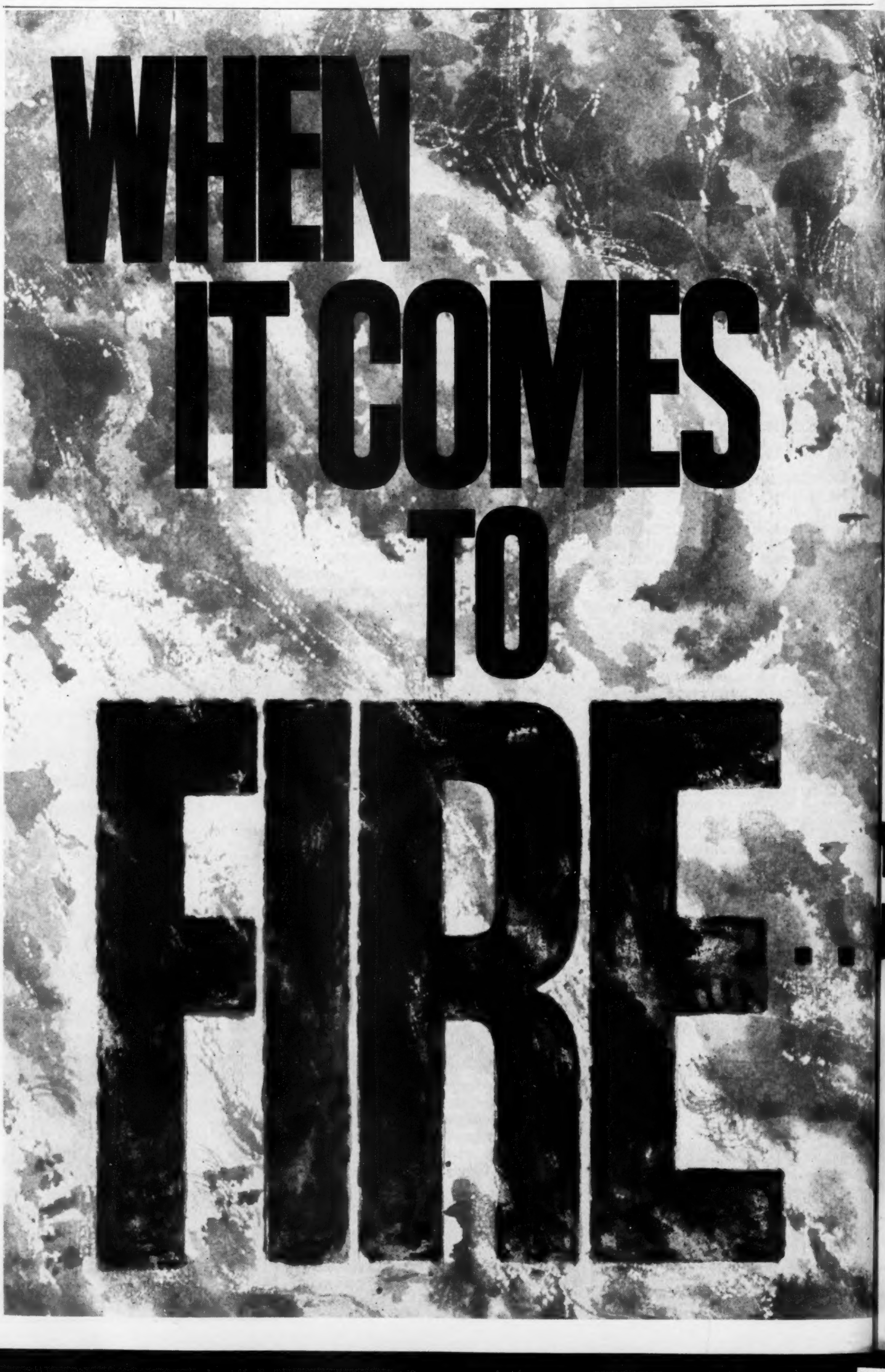
He cited a recent southern hailstorm in which a great number of dwelling house roofs were total losses. Despite clear cut conditions of the policies on the replacement issue, many companies accepted and paid claims on the replacement cost basis although such replacement had not been completed in some cases and may never be in others. The losses were under $1 million and National Board's catastrophe plan did not operate. If the board had set up an office to audit losses, there would not have been such competition in loss settlement.

N. J. Bill To Restore Charity's Immunity

The New Jersey legislature has passed a bill restoring immunity from liability to charitable organizations, except hospitals which can be held liable up to $10,000 in negligence cases. The state supreme court had recently nullified exemption of charitable institutions from negligence actions under an old common law. Since the bill is sponsored by the administration, the governor is expected to sign it.

Negotiate Sale Of Public National

Negotiations are under way this week in Miami for the sale of Public National, one of the Kurt Hitke companies, to Mid-Union Indemnity of Elgin, Ill., and associates. It is understood that most of the money for the purchase will be put up by the stockholders of Mid-Union. The sale is subject to an audit by Peat, Marwick & Mitchell, but the basic proposal has already been approved by the commissioners in the states involved.



Houston Is Secretary Of Reciprocal Assn.

Charles T. Houston, assistant manager of the insurance department of the U. S. Chamber of Commerce, has been named secretary of American Reciprocal Insurance Assn. and assistant to Floyd E. Jacobs, general counsel, at Kansas City, effective July 1.

—

General Adjustment Bureau has moved its Santa Maria (Cal.) office to Knights of Pythias building, 108 South Lincoln street.

Snyder Is President Of Alfred M. Best Co.

Arthur Snyder has been elected president and chairman of Alfred M. Best Co., New York City, publishers of fire, casualty and safety magazines. He was executive vice-president, treasurer and a director.

James E. Geiser has been advanced from assistant treasurer to treasurer. Raymond T. Smith, vice-president at Chicago, who has been with the company 40 years, and Payson H. Ryan, vice-president at Cincinnati for 36 years, have been named directors.

Mr. Snyder, with the company 35 years, is also president of Best Building Co., and chairman and president of Flitcraft Co., publishers of life periodicals and directories. He is a director and chairman of the trustees of New York Board of Trade, and a former president and governor of Drug & Chemical Club.

—

The **Corder agency** of Columbus has been appointed general agents in Ohio for Covington Mutual of Covington, Ky.

Conn. Plan Speaks For Entire Business

At the annual meeting of Insurance Advertising Conference at Falmouth, Mass., Francis T. Ahearn, manager of new Insurance Information Office of Connecticut, said that his office represents all lines and all ways of doing business, which is the proper approach to community and public relations problems, because they must be solved on the customer's terms. "He thinks of us as one, and therefore we are one," Mr. Ahearn declared.

He said that distinctions carefully drawn and maintained in the business mean nothing to the man in the street who knows he has insurance but not necessarily with what company.

One doesn't sit in a multiple line public relations office without quickly learning the facts of insurance life, Mr. Ahearn pointed out. Fire and casualty companies have had several bad years with astronomical automobile losses and only a slight hope of immediate improvement, but the public does not understand this. It does not know that companies are entitled to sufficient rates; all it knows is that the bills for fire and automobile insurance are higher than they were two years ago, he said.

Life Man Also Suffers

The life man has no cause to rejoice because those problems have not touched him. The man in the street who is protesting his insurance bill lumps the life man in with the fire and casualty people and screams to his legislature about insurance men, Mr. Ahearn declared. He added: "We are all brothers, each toasted—if not browned—by the flames that are blistering our brothers."

He said that companies are respected but not loved, and furthermore they are not known. The relationship of policyholders to companies is more like that of the taxpayer to the internal revenue department than of a valued customer to a trusted and admired seller. This is due partly to the failure of those who earn their living in insurance to take pride in their calling and to communicate their feelings to every area of the public.

Informed Public Only Salvation

Mr. Ahearn asserted that in the crisis now confronting the business the only salvation lies in an informed public which will get the facts in time. His office is in constant communication with all types of news media, and with educators, molders of opinion, school children and men's and women's groups. No medium is neglected, from a simple phone call to a personal visit, to broadside advertising. The office does not anticipate overnight success, he added, since the public relations field has been untilled too long.

Mr. Ahearn has been astounded by the persistent and concentrated attention of the industry from coast to coast on the Connecticut office activities. He had no idea when he joined the office that it was hewing a new path through a veritable public relations underbrush, and acting as a pace setter.

—

Insurance Women of Racine, Wis., have elected Mrs. George Kroes, president; Miss Donna Love, vice-president; Mrs. Olive O'Neil, treasurer, and Miss Alice Muller, secretary.

N. H., Vt. Get 9 To 12% Auto Increases

National Bureau of Casualty Underwriters has promulgated auto BI and PDL rate increases of 9.9% in New Hampshire and 12.1% in Vermont, effective June 25. A rate decrease of 1.8% is effective June 25 in Maine.

National Automobile Underwriters Assn. at the same time in New Hampshire increased comprehensive for popular priced new private passenger automobiles $2 and $50 deductible collision 5%, but reduced $100 deductible 7%. Farmers get a 30% discount on collision in New Hampshire, Vermont and Maine. In Vermont NAUA increased comprehensive $4, $50 deductible 4%, and $100 deductible 5%. Commercial risks with a 50-mile run got a 10% reduction in fire, theft and comprehensive, but their collision rates went up 15%. Comprehensive also goes up $4 in Maine and $50 deductible 5%, while $100 deductible is reduced 5%.

BI, PDL Increases Listed

In New Hampshire BI and PDL increases are $5 in Berlin, $2 in Claremont, $5 in Concord, $4 in Dover, $8 in Keene, $6 in Manchester and Nashua, $12 at Portsmouth air base, $5 in Rochester and Laconia, $4 in the northern counties, and $5 in the southern counties.

In Vermont, in Rutland, reductions range $9 to $15 and increases $2 to $4. In Burlington increases range from $2 to $13, and in the remainder of the state $5 to $8, though for some classes there is no change or a $1 reduction.

Mutual Insurance Rating Bureau increased its auto BI and PDL rates 9.9% in New Hampshire, effective June 25 for private passenger cars.

Hear Frey At Indianapolis

Brice A. Frey Jr., vice-president of General Re, gave an informative and anecdotal discussion of "The Unusual Risk" before 150 insurance men in Indianapolis last week. The luncheon, to which the fire-casualty insurance industry in Indianapolis was invited, was sponsored by the Indiana chapter of CPCU.

Richard K. Fowler, president of the Indiana chapter, presided. Commissioner Palmer of Indiana made a few remarks, and several supervisors in the department were introduced.

Three Wisconsin Field Organizations Meet

Wesley Reeder, Crum & Foster, was elected MLG of the Wisconsin Home Nest of Blue Goose at the annual meeting at Baileys Harbor. He succeeds Howard W. Monson of Springfield F. & M. Other officers elected were L. E. Knauber, American, supervisor; Peter J. Raffin, Reliance, custodian; J. B. Gravenstein, Hanover, guardian; Mortimer Hastings, Western Adjustment, keeper, and R. F. Reilly, retired, wielder.

William W. Pierce, St. Paul F. & M., was elected to head Wisconsin Capital Stock Insurance Assn., the new name adopted by Wisconsin Fire Underwriters Assn. He succeeds Mr. Monson. Other new officers are M. O. Herman, Atlas, vice-president; Thomas Irvine, American Auto, secretary-treasurer; R. A. Ward, National Union, W. D. Hoppenjahn, Continental-National group, and Mr. Monson, directors.

Speakers at the field men's meeting were A. L. Reid, inland marine manager of Western Adjustment, who discussed inland marine losses, and Norman H. Davis, executive engineer at Underwriters Laboratories, who explained the working and operation of the laboratories. Both speakers conducted lively question and answer periods after their talks.

The third field organization which met during the two days was Wisconsin Fire Prevention Assn. R. A. Ward, National Union, was advanced to the presidency succeeding Richard Rasmussen, Northwestern F. & M. Clark McMillen, America Fore group, became vice-president, and Robert Larberg, Phoenix of New York, was reelected secretary-treasurer.

Atlanta Agency Appoints

A. F. Irby & Co., general agency of Atlanta, has made the following changes in the field staff: Cyrus H. Avery Jr., becomes head of the Mobile, Ala., service office. Edward B. Hook Jr. has been named special agent for north and central Georgia.

Cream City Names Clem In Illinois

Cream City Mutual has appointed Robert C. Clem as Illinois state agent with headquarters at Springfield. Mr. Clem was previously with Fidelity Mutual of Indianapolis.

Mutual Benefit H.&A., Bauer & Black Join Forces In Vacation Plan

What is described as "an entirely new vacation insurance program" is now available throughout the U. S. in drug stores as a joint venture of the Mutual Benefit H. & A. and Bauer & Black, national manufacturers and distributors of surgical dressings and related products. It is the first merchandising program for insurance to be offered by druggists to their customers.

Under the plan the customers may obtain "inexpensive vacation or trip-travel insurance policies of from $5,000 to $50,000, principal sum, covering accidental death, dismemberment, and also medical expenses of from $500 to $5,000, for periods of from three days to six months. The druggist simultaneously has on sale Bauer & Black first-aid and health supplies for the personal treatment of minor injuries that may be experienced on a trip or during a vacation.

No Regular Agents Or Brokers

In connection with this unique program for selling accident insurance on a national basis without the aid of regular insurance agents or brokers, Mutual Benefit H. & A. has a first-print order of one million applications, which are postage-paid self mailers. These blanks are obtainable at or adjacent to the Bauer & Black merchandise displays in the drug stores. Point-of-sale sales material is provided to promote this two-way "vacation insurance" plan, including window banners, double store hangers and display easels containing pockets to hold the insurance applications.

Both Bauer & Black and the insurance company are announcing the sales program in their individual advertising campaigns. The drug retailer has no obligation nor additional responsibility beyond putting the insurance applications on display in his store and setting up the point-of-sale promotion material, being supplied by Bauer & Black through its regular distributing channels together with an ample quantity of the insurance applications. The druggist receives no commission on the insurance premiums sent on applications from his store. He makes his profits through the sale of Bauer & Black products.

Choice Of Six Plans

The vacation trip-travel insurance is a standard policy with a choice of six plans for traveling on land, sea or in the air. It ranges from three days of coverage for a principal sum of $5,000 for loss of life, limbs or sight, or permanent disability for up to 50 months, and $500 for medical, hospital or nursing care for as much as 52 weeks, in addition to all other benefits. The coverage increases in ratio to the number of days the policy is to be in effect, amounts of protection and premiums up to six months, with the maximum protection provided being $50,000 for death, loss of limbs or sight, plus $5,000 for medical expenses, etc.

Under the operational setup for the insurance program, the applicant fills out the application in the drug store, encloses either a check or money order for the amount of the premium, and mails them in the postage-paid mailer provided at the store. The policy of insurance is in effect as soon as the application is received and accepted at the home office of Mutual Benefit H.&A.

J. J. Freeman Joins Central National As V-P

J. J. Freeman has been elected vice-president of Central National of Omaha. He will be in charge of insurance department relations and legislative matters.

Prior to joining Central National, Mr. Freeman was for 10 years in the claim and legal department of Mutual Benefit H.&A.

J. J. Freeman

National Capital Pond Elects

National Capital pond of Blue Goose, Washington, D. C., has elected Lawrence J. Esten of Pearl, MLG, J. A. Perkins of Robert W. Green Associates, supervisor, William C. Noell of General Services Administration, custodian, James M. Buzard of Firemen's of D. C., guardian, A. Wayne Woodworth of Home, keeper, and Charles W. Kemp of Travelers, wielder.

Medical Service Insurer To Study Psychiatric Care

NEW YORK—Group Health Insurance, one of the oldest non-profit medical services, is preparing a study to determine the feasibility of extending its coverage to include diagnosis, treatment and rehabilitation of mental illness.

The study, scheduled to begin by the end of June, will concentrate on three or four skilled labor unions in the New York area whose members already subscribe to GHI's comprehensive family doctor plan. The pioneer project will last from six months to a year, by which time GHI believes it will have the actuarial experience it requires.

To Add Psychiatric Rider

When the study is completed, GHI plans to add the cost of treating nervous and mental disorders both outside and inside institutions as a rider to its already existing family doctor plans.

H. A. White Retires After 32 Years With Standard Accident

H. A. White, vice-president of Standard Accident and Planet, has retired upon completing 32 years with the companies. He was honored at a dinner at the Detroit Golf Club by officers of the companies.

Mr. White began his insurance career in 1920 as a special agent for Travelers. He joined Standard Accident in 1926 as associate manager at Dallas and later transferred to Cincinnati in a similar capacity.

In 1929, Mr. White went to the home office as instructor of the first student training class. The following year, he was appointed assistant manager at Chicago, and was made superintendent of agents at the home office later that year.

In 1942, Mr. White was appointed executive secretary in charge of the agency department, and in 1951 was elected vice-president. He also served as assistant secretary of Pilot, the Canadian affiliate.

N. Y. Laws Of Interest To All Reviewed For Illinois A&S Forum

Legislative developments in New York which may have repercussions throughout the industry were reviewed by Joseph O'Regan, assistant general counsel of Health Insurance Assn. at the June meeting of Illinois A&S Underwriters Forum in Chicago.

What New York does about insurance legislation should be of interest to all in the business, Mr. O'Regan remarked, because of the wide-spread influence of that state's laws upon the rest of the country. He said the New York legislature had passed 52 bills concerning insurance in the last session, and he predicted the lawmaking bodies of 25 or so other states would be studying these next year.

He discussed the Metcalf bills, the results of which, he said, would be this: The company may cancel for any reason during the first 90 days and during the first two years on the anniversary date of issue with 30 days notice. After the policy has been in force for two years, the company may not cancel or refuse to renew for any reason except for those listed in the statute, and the company is specifically prohibited from cancelling and refusing to renew for deterioration of health.

Reports On HIA Survey

Reporting on a survey made by HIA on cancellation of individual A&S policies, he said the study disclosed that in general, cancellations and non-renewals occur in the early years of the policy, the average being about two years for hospital-surgical-medical policies and seven years for loss of income policies. Policyholders whose coverage was either cancelled or not renewed generally received benefits in excess of twice the amount they paid on the policy. On the average about $300 was paid in benefits compared to $150 in premiums received at time of cancellation or non-renewal.

Mr. O'Regan also reviewed the FTC's battle for jurisdiction over A&S advertising. In its case before the U. S. Supreme Court, FTC is contending that the words "regulated by state law" in the McCarran act mean something more than the mere enactment of state laws and that there must be some showing of actual administrative application of those laws to the advertising in question before federal jurisdiction is not applicable. Mr. O'Regan said a decision on this issue is expected within the next week or so.

National Casualty Names Smith To Advertising Post

National Casualty has named Joseph P. Smith advertising manager. He was formerly manager of publications for Atlantic Life.

Ga. Farmers Plan Company

Georgia Farm Bureau Federation has voted to form its own insurer to write automobile, fire and other lines. Members turned down proposals to affiliate with existing companies and approved a campaign to raise $300,000 to establish their own.

FTC Examiner Finds For A&S Insurer On Advertising Charges

WASHINGTON—FTC Examiner Cox has decided that the commission's complaint against Professional of Jacksonville, charging misrepresentation of benefits of its A&S policies, should be dismissed.

FTC charged the company with advertising misrepresentation of the duration of policies, extent of coverage, maximum amounts paid for hospitalization and surgery, and health status of applicants.

Without ruling on the merits of the charges, the examiner held that defenses set up by the company warrant dismissal of complaint. These defenses were that FTC lacks jurisdiction, and that the challenged advertising "has been voluntarily abandoned without likelihood of resumption."

Concerning the first ground, Examiner Cox cited two decisions by FTC holding that it has authority to regulate insurance advertising in interstate commerce. These decisions were later reversed by the U. S. court of appeals for two circuits, he said, and both cases have been argued before and are awaiting decision by the Supreme Court.

FTC Without Jurisdiction

"Based upon the decisions of the two circuits," Mr. Cox said, "which represent the present status of the law, the conclusion is inescapable that in this proceeding FTC is without jurisdiction, and the complaint should be dismissed."

Turning to the second defense, the examiner said a stipulation between counsel for both sides shows that the complained-of advertising, used in 1953 and 1954, has been abandoned fully and voluntarily. It also reveals that the company unequivocally has no intention of resuming this or similar advertising.

"A more complete abandonment," the examiner commented, "short of going completely out of business, cannot be envisioned. There is no reasonable likelihood that respondent will resume the practices; everything which could be accomplished by a cease-and desist order has already been accomplished by the voluntary act of respondent. Under these circumstances, following commission precedent, the complaint should be dismissed. . ."

Business In Other States Negligible

According to the examiner, the company sells policies only through personal calls by its agents in the states in which it is licensed, Alabama, Arkansas, Florida, Georgia, Kentucky, Louisiana, Mississippi, South Carolina, Tennessee and Texas. Although it accepts premiums from insured moving to other states such business is negligible compared to the total amount of premium received.

Among other things, the stipulation shows that all policies have exceptions, limitations, exclusions and waiting periods not fully set out in advertising (newspaper, radio and mailing pieces), but their existence was explained fully to the prospects by the company's agents; and that neither the company nor the various state insurance departments have received any complaints concerning the advertising.

—

To Study Workings Of Mich. 2nd Injury Fund

Speaker George Van Peursem of the Michigan house named a committee for study of the second injury fund set up in Michigan's workmen's compensation law.

"Employers either are not fully aware of the use for which the secondary injury fund could be made and thus hire handicapped workers, or there is a deliberate attempt on the part of many persons to use the secondary injury fund as a deterrent to the hiring of handicapped persons," according to the resolution that resulted in creation of the committee.

The committee will determine the workability of the second injury fund act and recommend changes to carry out the act's intent. The committee will report to the 1959 legislature.

—

SEUA Reelects Ledbetter

John H. Ledbetter, southern department manager Hartford Fire, was reelected president of Southeastern Underwriters Assn. at the annual meeting at Hot Springs, Va. Walter J. Christensen, executive vice-president of America Fore Loyalty was renamed vice-president, and John P. Woodall, manager.

—

Ky. C.&S. Managers Elect

At its annual meeting in Louisville, Kentucky Casualty & Surety Managers Assn. elected Willard Brown of Glens Falls president, W. W. Abbott of Ohio Casualty and M. O. Diggs of U.S.F.&G. vice-presidents, Robert B. Simmons of Springfield F.&M. secretary and Edward Jackson of Yorkshire treasurer.

—

Walters To Farmers Mutual Hail

Farmers Mutual Hail has named Harold W. Walters associate underwriter. Formerly assistant secretary of National Assn. of Mutual Insurance Companies, Mr. Walters will begin in his new capacity July 1.

Dodd Promoted By Travelers In Pa.

Travelers has appointed Alvin G. Dodd manager of casualty lines at the Independence Square branch, Philadelphia. He succeeds Kenneth R. Webb, who has been granted a leave of absence. Mr. Dodd joined the company in 1942 as a field supervisor at Bridgeport.

—

Sylvania Electric Products, New York City, has appointed W. A. Armstrong Jr. and R. G. Hugel as insurance supervisors.

McClaran American Casualty Head In S.E.

American Casualty has appointed Harold W. McClaran resident manager of the southeastern department. Charles Prince formerly at Washington, D. C. has been named manager of the fire and marine division. Frank Pfluger, formerly head office burglary specialist, and recently at Atlanta, has been advanced to multiple line field representative in southern Georgia and Alabama with headquarters at Albany, Ga.

40 Participate In New CPCU Institute At Bowling Green

A new CPCU institute, modeled on that conducted annually at the University of Connecticut, drew nearly 40 participants to Bowling Green State University, Bowling Green, O. Under the auspices of the Cleveland chapter, the sessions dealt exclusively with the important problems of insurance distribution.

Speakers, representing every major segment of the business, included Louie E. Woodbury Jr., president of National Assn. of Insurance Agents; Thomas C. Morrill, vice-president State Farm Mutual Auto; John S. Bickley, Ohio State University professor of insurance; Richard S. Cox Jr., agency director Life of North America; R. Maynard Toelle, secretary American Foreign Insurance Assn.; J. S. Richardson, vice-president Standard Accident; A. H. Criddle, executive vice-president Ostheimer-Walsh, Philadelphia; Arthur I. Vorys, Ohio superintendent of insurance, and B. P. McMackin Jr., assistant editor "Fire, Casualty & Surety Bulletins."

The pattern for the institute was set by a marketing expert, Dr. Kenneth Lawyer of Western Reserve University.

CPCUs from Ohio, Michigan, Indiana, Pennsylvania and New Jersey made up the classes for the three-day closed session. Robert M. Morse, executive secretary of the national society, represented the Philadelphia headquarters.

Mutual Alliance Names C. J. Keilholz Head Of Information Bureau

Frederick J. Keilholz has been appointed director of bureau of information and editor of the *Journal of American Insurance* of American Mutual Insurance Alliance.

An author in such fields as insurance, accident and loss prevention, conservation, rehabilitation, health and safety, Mr. Keilholz from 1943 to 1955 was an editor of Curtis Publishing Co.'s *Country Gentleman* magazine in Philadelphia. For many years previously he had held posts as director of public information at the University of Illinois and University of Kentucky colleges of agriculture. During the past three years he has been engaged in trade association work in Chicago.

General Adjustment Bureau Transfers Five In Texas

General Adjustment Bureau has announced transfer of five men: Thomas Staton, former manager at Austin, has gone to Houston as adjuster, assisting Ray Beggs, executive general adjuster. Mr. Staton has been an adjuster for 19 years.

Kurth Bousman, Abilene manager since 1952, has been transferred to Austin to succeed Mr. Staton. Mr. Bousman has been with the bureau for 10 years. Ray Barnett, who went with the bureau in 1952 at Brownwood, Tex., has been named manager at Abilene.

R. L. Andrews, who has been manager at Bryan since 1953, has been named manager at Victoria, succeeding Jack Sanford who resigned to enter the local agency business. Mr. Andrews has been with GAB since 1945, as adjuster at Houston and Austin. B. P. Nabors, former manager at Woodward, Okla., for the past seven years, has been named to succeed Mr. Andrews at Bryan.

Zurich Names Wendt To Head Buffalo Unit, Promotes D. J. Scully

Zurich has established a Buffalo, N. Y., branch effective July 1, with William J. Wendt, formerly superintendent of underwriting for the companies' eastern department as manager.

To be located at 4446 Main street, the new office will offer complete service facilities, including claim, underwriting, engineering, boiler and machinery, and payroll audit, to agents and insured in western New York.

Mr. Wendt joined Zurich in New York as a senior underwriter in 1951 after 13 years with Accident & Casualty Ins. Co. In 1952 he was promoted to supervising underwriter, and in 1953 to chief underwriter, becoming superintendent of underwriting for that department in 1956.

Buffalo is Zurich's 15th U. S. branch office. Head office is in Chicago.

Dennis J. Scully has been promoted to superintendent of underwriting, eastern department, effective July 1, to succeed Mr. Wendt. Mr. Scully joined Zurich in Chicago as an underwriting trainee after graduation from Northwestern University in 1949. He was transferred to New York as a junior underwriter in 1950. In 1952 he was named senior underwriter and in 1956 assistant superintendent of underwriting, eastern department.

Houston Buyers Elect Foley

Insurance Buyers Assn. of Houston, has elected as 1958 officers G. L. Foley, Humble Oil, president; W. A. Holcomb Jr., Transcontinental Gas Pipe Line, vice-president; George Spencer, Trunkline Gas, secretary, and Raymond O. Horn, Quintana Petroleum, reelected treasurer. New board members are Jack Frost, Fish Engineering; Frank Cox, Schlumberger Well Surveying; William Callender, Ada Oil; and William Suhr, Bank of the Southwest. National association chapter representative is Edward Stokely of Dow Chemical.

Boyd On Board Of F.&C.

George A. Boyd, vice-president of America Fore, has been elected a director of Fidelity & Casualty. He has been a director of Niagara since 1956.

Iowa Field Men Elect Vierling President

Iowa Fire Underwriters Assn. held its annual meeting at Clear Lake last week and voted to change the name to Iowa Capital Stock Insurance Assn.

Thomas J. Vierling, Reliance, was elected president; Glenn H. Campbell, Agricultural, vice-president, and John J. Flanagan, North British, secretary-treasurer. New members of the executive committee are C. L. Bloom, Commercial Union; N. F. Strayer, Crum & Forster, and E. H. Wagner, New Amsterdam Casualty.

James A. Driscoll of Factory Association, was the speaker.

Flat Cancellations Of Auto Policies Run 10%

Flat cancellations on automobile liability and physical damage policies are now running at the rate of approximately 8 to 10% of all dailies handled by the casualty and surety division of the Mississippi insurance commission, according to preliminary studies by that division.

H. B. Walker, assistant secretary of the casualty division, says that the figures are the result of a preliminary study and are not necessarily accurate. The casualty division has no way of breaking down the relationship of cancellations at the request of the agent or the company or the number of which are cancelled for the purpose of re-writing.

No. Dakota Blue Goose Holds Annual Meeting

Peace Garden pond of Blue Goose, North Dakota, at its annual meeting, elected as officers for the coming year J. B. Sigdestad, Home, MLG; C. O. Young, Western Adjustment, supervisor; R. J. Shamla, America Fore, custodian; Yale Gooden, Hartford, guardian; Bart J. Farrell, St. Paul F.&M., keeper, and J. S. Lamont, Western Adjustment, wielder.

Also holding an annual meeting, on the following day, was North Dakota Capital Stock Insurance Assn., which elected the following new officers: Byron Anderson, St. Paul F.&M., president; Lyle Smith, Great American, vice-president; and Ross Barker, National of Hartford, secretary.

North Dakota Fire Prevention Assn., meeting at the same time and place, elected Philip McAlearney, Home, president; L. P. Stoik, Crum & Forster, vice-president; and John M. Mitchell, Phoenix of Hartford, secretary.

Won't Permit Attachment Of Application To Policy

The attachment of the application for automobile liability insurance to the policy will not be permitted by the Mississippi department. Request for this permission by a Louisiana company was recently turned down on the grounds that it would not be in the public interest.

The insurance department used as an example the fact that in the case of a fraudulent application an injured party would have no recourse against the insurer if it refused payment on the grounds that the application was fraudulent. This, according to the department, would be detrimental to the injured party.

A case came up in connection with an assigned risk policy issued to insured who was not eligible for assigned risk coverage. The company denied coverage on the grounds that the application had no bearing on the coverage unless it was attached to the policy.

New Greene Co. Office

A new office has been opened at Charlotte, N. C., by James C. Greene Co., adjusters of Raleigh. James S. Baird is in charge at Charlotte. He is a former adjuster and special agent for the Kemper companies, and for two years has been a partner in a local agency at Southern Pines, N. C.

J. S. Baird

The Charlotte office is the 21st in the Greene organization, which began business in 1932.

The Los Angeles office of **Massachusetts Bonding** has moved to 3540 Wilshire boulevard.

Convention Dates

June 30-July 2, Virginia Assn. of Insurance Agents, annual, Cavalier hotel, Virginia Beach.

Aug. 10-13, West Virginia Assn. of Insurance Agents, annual, Greenbrier hotel, White Sulphur Springs.

Aug. 20-23, Federation of Insurance Counsel, Fairmont hotel, San Francisco.

Aug. 20-21, Hoosierland Rating Bureau and A.B.C. Service Bureau, annual, Marott hotel, Indianapolis.

Aug. 21-23, Louisiana Assn. of Mutual Insurance Agents, annual, Edgewater Gulf hotel, Edgewater Park, Miss.

Aug. 21-23, Montana Assn. of Insurance Agents, annual, Northern hotel, Billings, Mont.

Aug. 21-23, Texas Assn. of Mutual Insurance Agents, annual, Hilton hotel, San Antonio.

Aug. 24-28, Section on insurance negligence and compensation law, American Bar Assn., Ambassador hotel, Los Angeles.

Sept. 4-5, Conference of Mutual Casualty Companies, sales and agency conference, Conrad Hilton hotel, Chicago.

Sept. 8, Vermont Assn. of Insurance Agents, annual, The Lodge, Smugglers Notch, Stowe.

Sept. 8-9, New Jersey Assn. of Insurance Agents, annual, Traymore hotel, Atlantic City.

Sept. 14-16, Minnesota Assn. of Insurance Agents, annual, Hotel St. Paul, St. Paul.

Sept. 14-16, Washington Assn. of Insurance Agents, annual, Chinook hotel, Yakima.

Sept. 16-18, Wisconsin Assn. of Insurance Agents, annual, Schroeder hotel, Milwaukee.

Sept. 16-19, Mutual Loss Managers' Conference, annual, Statler hotel, New York City.

Sept. 17-19, Michigan Assn. of Insurance Agents, annual, Pantlind hotel, Grand Rapids.

Sept. 17-19, Oregon Assn. of Insurance Agents, annual, Multnomah hotel, Portland.

Sept. 19-20, Utah Assn. of Insurance Agents, annual, Utah hotel, Salt Lake City.

Sept. 22-24, International Claim Assn., annual, French Lick Springs hotel, French Lick, Ind.

Sept. 23-25, Assn. of Superintendents of Insurance of the Provinces of Canada, annual, Empress hotel, Victoria, B. C.

Oct. 5-8, Conference of Mutual Casualty Companies, annual, Chalfonte-Haddon Hall, Atlantic City

Oct. 5-8, National Assn. of Mutual Insurance Companies, annual, Chalfonte-Haddon Hall, Atlantic City, N. J.

Oct. 6-7, Conference of Actuaries in Public Practice, Morrison hotel, Chicago.

Oct. 6-8, National Assn. of Insurance Agents, annual, New Orleans

Oct. 12-15, National Assn. of Casualty & Surety Agents and National Assn. of Casualty & Surety Executives, Greenbrier hotel, White Sulphur Springs, W. Va.

Oct. 19-21, Illinois Assn. of Insurance Agents, annual, Morrison hotel, Chicago.

Oct. 19-21, Maryland Assn. of Insurance Agents, annual, Emerson hotel, Baltimore.

Oct. 19-21, Missouri Assn. of Insurance Agents, annual, Coronado hotel, St. Louis.

Oct. 20-21, Arizona Assn. of Insurance Agents, annual, Pioneer hotel, Tucson.

Oct. 20-21, Insurors of Tennessee, annual, Claridge hotel, Memphis.

Oct. 20-23, Western Underwriters Assn., annual, Greenbrier hotel, White Sulphur Springs, W. Va.

Oct. 20-22, National Assn. of Mutual Insurance Agents, annual, Commodore hotel, New York City.

Oct. 23-25, Colorado Insurors, annual, Broadmoor hotel, Colorado Springs.

Oct. 26-28, Ohio Assn. of Insurance Agents, annual, Columbus.

Oct. 27-29, California Assn. of Insurance Agents, annual, Sheraton-Palace hotel, San Francisco.

Oct. 27-29, Health Insurance Assn., individual insurance forum, Drake hotel, Chicago.

Oct. 28-29, Massachusetts Assn. of Insurance Agents, annual, Sheraton Plaza hotel, Boston.

Nov. 20-21, Conference of Mutual Casualty Companies, accounting and statistical, office methods, and personnel conferences, Conrad Hilton hotel, Chicago

Nov. 24-26, National Assn. of Independent Insurers, annual, Hotel Fontainebleau, Miami Beach.

Dec. 10, Eastern Underwriters Assn., annual, Biltmore hotel, New York City.

Dec. 15-19, National Assn. of Insurance Commissioners, midwinter, Roosevelt hotel, New Orleans.

—

Allstate Gives Teaching Grants

Allstate Foundation has given $66,000 this year to 36 colleges and universities for training high school driving instructors, bringing the total expended to almost a half million dollars over a six year period. The grants ranged from $1,000 to $2,500, and provide scholarships for teachers. More than 5,000 high school driving teachers have been trained in courses aided by the foundation since 1953, and 3,681 instructors have received scholarships for the courses.

Globe Indemnity To Absorb 2 Companies

Globe Indemnity will absorb Virginia F. & M. and the Star-Royal-Globe companies, through mergers on July 1. All interests of the companies will be transfered to Globe Indemnity which will also assume all their obligations. They will cease writing policies or renewals having an effective date after midnight June 30.

Virginia F. & M., established in 1832, is the second oldest company in the group. It was purchased by Globe Indemnity in 1943. Star was established in 1896.

—

Harold Finch has been appointed to fire promotion supervisor in the midwest zone of **Allstate** with headquarters in Chicago.

Brokers Plan New Dwelling Package

The product research committee of National Assn. of Insurance Brokers has presented to the Multi-Peril Insurance Conference a suggested outline of general principles for a new package dwelling policy.

The proposed plan has the flexibility of the comprehensive dwelling policy and retains the simplicity of homeowners.

The committee suggests a single policy jacket with four basic forms. The first two are for specified perils—broad form—one for the homeowner, and one for the tenant. The other two are so-called all risk, one for homeowners and one for tenants.

Endorsements are suggested to "cut back" the broad form and make available the equivalent of fire and extended coverage perils. By another endorsement the broad forms may be extended to provide special form coverage on dwellings.

Key Points Listed

Key points in the recommended policy are: Forms to be used in combination in one policy; substitution of forms to provide economical transfer of coverage and, therefore, elimination of cancellation and rewrite; insurance to attach as of 12:01 a.m., effective date; any subject of insurance may be increased; personal property on the all risk form to be blanket on all residences.

Also, graduated rates for increased personal property on the all risk forms; inclusion at discounted loadings of other coverages as provided by various bureaus; minimum limits on dwellings of $8,000 on broad form, and $15,000 on all risk form; minimum limits on tenants policies of $4,000 on broad form and $7,500 on all risk form; except for time element coverage, which will be 20% of the dwelling or contents, fixed percentages for other coverages to be exactly as provided by present homeowners' forms.

More Changes Asked

Also, reduction of mandatory contents percentage when certain classes of scheduled items are added to policy; replacement cost coverage for the dwelling and private structures to be available regardless of perils chosen; mysterious disappearance and loss from unattended auto to be included in all forms; $1,000 limit per article of unscheduled jewelry and furs to apply on all forms; option to claim rental value or additional living expense; comprehensive personal liability base limit to be 25/500 on all forms; physical damage to property of others in care, custody and control of insured to be incorporated; water damage legal liability to be added to fire, smoke and explosion legal liability coverage now included in homeowners.

Brokers also called for an approach to the banking business to discuss the use of signed certificates of insurance in lieu of original policies.

—

Dalton Elected MLG By Alamo Blue Goose

Alamo pond held its annual gosling swim and election of officers. Ralph T. Dalton, Cadwallader & Son, was elected MLG; John Chadwick, America Fore group, supervisor; Kenneth Johnsen, America Fore group, custodian; Claude Skinner, Roberts & Skinner, keeper, and Vincent Losada, Quirk & Co., wielder.

Ralph T. Dalton and Edward Moore, Aetna, were named to the grand nest.

ROSENBAUM ELECTED PRESIDENT

Mississippi Assn. Of Insurance Agents Holds Outstanding Annual Convention

More than 400 attended the annual convention of Mississippi Assn. of Insurance Agents. This nearly equaled the attendance record set last year at its 60th annual meeting at Edgewater Park. The association now has a paid membership of 326.

I. A. Rosenbaum Jr. of Meridian was elevated to the presidency, to succeed Robert Brannin of Starkville. T. L. DeLashmet Jr. of Moss Point was elected vice-president, David J. Brewer of Greenville was reelected state national director, and Clant M. Seay was continued as secretary-manager.

The association amended its by-laws to provide for 18 instead of 15 directors and provided for the immediate past president to serve a three year term as director. New directors elected are John Rice of Columbus, B. B. Brown Jr. of Shelby, R. C. Wilkerson Jr. of Vicksburg, A. M. Hardy of Pascagoula, Jesse L. Adams Jr. of Gloster, Mr. Brannin, Lee Cossar of Leland, and C. J. Kees Jr. of Magee.

Support NAIA Ad Program

One resolution adopted commended Mississippi Medical Assn. for having recently passed a resolution recognizing the advantages of its members dealing with local agents in the placement of coverages. Another supported the NAIA advertising program. The association commended support of Mississippi Safety Council, Mississippi highway safety patrol and other agencies interested in traffic safety.

Another resolution asked the insurance commission to use its present authority or seek necessary authority by legislation to require the filing of all premium and loss experience by all insurers on property and casualty insurance. The agents also urged that the stock insurers investigate the advisability of making available more flexible plans in meeting competition on preferred and specially engineered risks. Special appreciation was expressed for the work of Mr. Brannin and Mr. Seay.

The association approved in principle a group life, A&S, and hospitalization plan for members. Details of the plan will be worked out in the near future.

By-laws Amended

The association also amended its by-laws to increase the executive committee from five to seven.

Another amendment to the by-laws provides for a refinement of the association's schedule of dues. This change means dues will be approximately $1 per $1,000 of premiums.

Mr. Brannin in his administration report discussed how the association has fared the past year. Mississippi, he said, was among the first 15 states to raise its quota in the NAIA advertising program, and he urged that this program receive continued support.

He said that more than 100 bills had been introduced in the 1958 session of the legislature dealing with insurance and indicated the work the association had done in supporting favorable measures and opposing objectionable legislation. Two important measures passed are one prohibiting fictitious groups and one strengthening the surplus lines law.

Mr. Brannin reminded agents that one of the great threats to the business today is the possible regulation of insurance by the federal government. He expressed appreciation to Mr. Seay, Mr. Rosenbaum, and the numerous committee chairmen.

Envies Predecessors

Commissioner Walter Dell Davis said he envied his predecessors who served when insurance problems were few. However, the business and premium volume in Mississippi have developed to the extent that "minding the insurance department's business" has become a very important job. He said that the thoughts and feelings of the agents were in line with the interest of the people more than any other segment of the insurance industry.

Mr. Davis unwittingly recommended that the association's J. H. Johnson memorial award be given to Fred L. Hetzler of Centreville, a member of the state house of representatives, for the constructive work that he had done during the past session. Mr. Davis did not know that the committee had already met a few hours earlier and decided that Mr. Hetzler had rendered distinctive and meritorious service to the insurance profession by virtue of his constructive legislative activity in behalf of the public, the agents and companies. Mr. Hetzler served as vice-chairman of the house insurance committee and of the recess insurance study committee.

Mr. Davis commented on the forcefulness and versatility of the association in the past session and complimented the group for the assistance that it had given him to strengthen various insurance laws, even though the commissioner and the association may have been at odds on one or two bills.

Will Run Again

He said he has had several people ask him if he plans to run for commissioner again. "As far as I am concerned," he said, "I like that office up there and am not going to come down until you tell me you have found a more qualified man and I find that is true."

Maurice Hartson Jr. of New Orleans, representing NAIA, told "How the NAIA Minds Your Business." He discussed the fictitious grouping of insurance risks without common ownership in order to evade appropriate insurance rates, and commended the Mississippi association on the recent enactment of a law prohibiting this.

He also dealt with the trend toward reduced acquisition costs and the probable reduction in commissions, particularly on package policies.

I. A. Rosenbaum

A. M. O'Connell

Maurice Hartson Jr.

Robert Brannin

He said the $1¼ million raised for the NAIA advertising program is only the "hub of the wheel" which has started to roll. Spokes of the wheel represent cooperative advertising by local boards, regional associations and state associations, and the rim is local tie-in and agent's local advertising. All of this more than exceeds the approximately $10 million being expended by direct writers, he declared.

Discusses Auto Rate Situation

Albert M. Thomasson of Tallahassee, southeastern director of public relations of Assn. of Casualty & Surety Companies, treated the auto rate situation. He said that automobile liability rates have contributed much to the worries of the companies and agents. He recommended the formation of a speakers bureau in Mississippi to disseminate information about insurance rates to the public. More and more agents are joining the companies in an effort to develop traffic safety consciousness and local agents are doing much through the Big I advertising campaign toward correcting many of the public's misunderstandings about insurance. He said that at the regional President's safety conference in Miami recently, Mississippi drew applause for its colorful and forcefully edited brochure telling the results of study on traffic safety matters.

A. L. Schlesinger Jr. of New Orleans, president of the Louisiana association, said the agent is dependent on the company and the company on the agents, and each can help the other. Trade associations help, and any agent who cuts off his support to his association is making a big mistake, he declared.

Few Independent Agents Get Rich

Arthur M. O'Connell of Cincinnati said that few independent insurance agents ever get rich. Theirs is a career of service, perhaps equalled only by that of a physician, lawyer or clergyman in providing means of relieving fear, suffering and apprehension for those they serve. The matter of price should be secondary in the purchase of insurance. The real test is the value of coverage at the time of actual need.

Mr. Hetzler, and State Senator Montgomery of Meridian detailed the legislation the association sponsored and that passed and referred to the numerous inimical bills that were defeated.

Mr. Rosenbaum has served as director and executive committeeman of the Mississippi association for a number of years. For five years he was chairman of the association's education committee and has been largely responsible for the success of the association's annual school of fire, casualty and surety underwriting. For two years he has been a member of the NAIA education committee. He was largely responsible for University of Mississippi and Mississippi State College expanding their insurance courses. When he began the two schools taught six hours of insurance. Now, a student can get from either the equivalent of a degree in insurance. This has done much to improve the caliber of young men entering the business. Mr. Rosenbaum was also in charge of Southern Insurance Institute for the first two years of its existence. The institute is sponsored by Mississippi, Tennessee and the state associations that are members of Southern Agents Conference. In 1956, Mr. Rosenbaum was presented the J. H. Johnson memorial award.

Mich. Compulsory Auto Study Group Continued

The Michigan legislature, before final adjournment, named a committee to continue a study, started last year, in the area of compulsory automobile insurance and the existing financial responsibility law. The committee is made up entirely of house members, Andrew Bolt of Grand Rapids, chairman of the house insurance committee; Don Peqars of Buchanan, Joseph Kowalski of Detroit, Donald A. Brown of Royal Oak, and John T. Bowman of Roseville.

Resolution Commends Panel

The resolution commended the citizens' advisory panel which has aided the committee and states that it can render additional service and information through further conferences and hearings. The advisory group has included the president of Michigan Assn. of Insurance Agents, an attorney who has been a member of insurance committees of American Bar Assn., the president of Automobile Club of Michigan, the secretary and general counsel of a stock insurer, the president of a mutual insurer, and Commissioner Navarre of the Michigan department.

The resolution states that additional alternatives and proposals in the compulsory-FR area have developed within the past few months which the committee has had no opportunity to study. These should be considered and made a part of the final report.

Bank Has Premium Account

Philadelphia Saving Fund Society has started an insurance convenience account to help depositors budget and save for all types of premiums.

The bank says use of the account will help depositors reduce their overall insurance costs because they will earn 3% interest which can be applied to regular premiums. The plan will help depositors to avoid borrowing and paying interest on loans to meet premiums. Adequate savings will permit use of longer-term premium-payment periods provided by most insurance companies.

Federal Driver Training Bill

WASHINGTON—The House subcommittee on traffic safety held two days of hearings on a bill providing federal aid for driver training. Witnesses supporting it included Robert L. Marshall, president American Driver & Safety Education Assn.; Dr. Wayne P. Hughes, director school and college division of National Safety Council, and Dr. Forest R. Noffsinger, of Northwestern University's traffic institute.

COMMENTS TRENDS OBSERVATIONS

Investigates Provisions For Parts And Service Of Foreign Cars Sold In U. S.

On behalf of the Auto Damage Appraisers of America, Henry Paulman Jr., director of George Good Inc., Chicago, publisher of Collision Guide, recently made a 6,000 mile trip calling on every European auto factory now engaged in exporting cars to the U. S. Mr. Paulman describes his experiences in the following:

They all appeared amazed at our collision rate, and many wondered why the insurance company's man could not locate their nearest dealer in the event of accident to one of their cars. Quite often they would suggest in a most casual way that sending them a cable would soon start a replacement part on its way to America.

In view of the present situation in Detroit, auto manufacturers abroad seem most anxious to rush as many family size cars as possible before a higher import duty is suggested, or some domestic car maker announces a lower priced form of comfortable transportation. They, too, have been surprised at the avid interest in their product and the ease with which they are signing dealers to distribute new cars.

Since getting the cars over here and getting them sold has not been difficult, I devoted my inquiry to where the replacement sheet metal parts are stored in the U. S., how steady the factory could hold the prices for replacement parts, and had their service division worked up any suggested replacement time allowance figures?

Large Companies Sincere

The larger companies are very serious and obviously sincere about providing good service for the many thousands of cars they now have in operation in the U. S. All of them are maintaining as large an inventory of body parts and special paints in the U. S. as they can afford. It was interesting to note that they are all maintenance minded and think in terms of normal wear and tear on a motor, while I was advancing the point that collisions happen at once; wear and tear takes at least a year or longer.

The individual U. S. auto damage appraisers with whom I was in touch provided me with a fat file of comments covering the import picture in different sections of the U. S. At each factory abroad these reports were read in detail. I feel the major points were absorbed and will influence future policy on all collision items such as sheet metal, special paint, bumpers, grilles and glass. At this time almost all European manufacturers are adding new U. S. dealers weekly, and shipping cars to the east and west coast like mad. The limitation of cargo space often tends to delay their replacement parts shipments.

Dealers Not Always The Best

Experience with American new car dealers has not always been entirely to the liking of the export managers I met. They explain that at best they have to deal with third or fourth choice dealers and only when dual-dealerships can be found can they be reasonably certain their dealer will share their desire to provide complete service for each line.

At present there appear to be more than 10,000 new car dealers selling import cars in the U. S. With this mushroom growth it is only reasonable that "service to follow" leaves much to be desired for all concerned.

Several manufacturers abroad now recognize that their paint is not easily matched by our domestic products. Consequently, they are inserting a tin or two of their special paint in the glove compartment of each car exported.

They were all having difficulty adjusting their concept of the U. S. to the fact that we have so many independent repair garages and so few 100% body shops. When it was suggested that their car would be taken to any one of 135,000 repair garages, none of which handled any import car,

(CONTINUED ON PAGE 22)

We Missed Objectives Says Union Official

Clinton M. Fair, assistant director of social security for AFL-CIO has declared that workmen's compensation falls short of its purposes. In an article in "American Federationist," union publication, he said that state legislatures on the whole have failed to provide the improvements necessary to make WC meet the needs of a changing environment.

He quoted authorities who have pointed out that from each dollar reserved by employers for WC, less that 2½ cents are spent for safety on the job. Despite improvements in WC, the records of the U. S. Department of Labor indicate that three states provide no medical benefits for occupational disease and 19 states provide only limited medical benefits. Arbitrary time or cost limits on the amount of medical care in accidental injury cases are imposed in 14 of the 54 jurisdictions. Most alarming is the failure to provide adequate rehabilitation programs, he stated.

Wage loss benefits replace a lesser proportion of wages than they did 20 or 45 years ago, he continued. He said that the U. S. suffers by comparison with Canada where, in Ontario for example, benefits replace 75% of an injured worker's average weekly wage—with a maximum up to $72 per week. One of the objectives of early proponents of WC was the elimination of costly litigation, but instead—it has thrived in every jurisdiction. The only improvement has been in the quality of attorneys representing injured workers, Mr. Fair asserted. WC administration should include safety, medical care, wage loss benefits, and rehabilitation in an integrated program, he concluded.

Insurance Librarians Feted At Luncheon

Insurance Library of Chicago and Cook County Inspection Bureau were luncheon hosts at the Union League Club recently to librarians from insurance companies and associations from all over the U. S. and Canada who were in town for the meeting of the insurance division of Special Libraries Assn. Also included on the guest list of some 45 persons were librarians from such organizations as National Safety Council, Underwriters Laboratories, Retail Credit, Chicago Public library and Blue Cross. Howard J. Burridge, president the National Underwriter Company, addressed the main body the day previous on current trends in fire and casualty.

Speaking briefly at the luncheon from Cook County Inspection Bureau were Elmer F. Reske, manager; D. P. Skaer, assistant manager, and P. J. Van Deventer, superintendent of rating. Kathryn Graham, librarian of Insurance Library of Chicago, briefly described the history and functions of the library.

William E. Mortimer of LIAMA, chairman insurance division Special Libraries Assn. and who for the past six years has been the one fortunate male member among the rest of the insurance section librarians, who are distinctly not (male), spoke a few words of welcome to a new member, MR. F. Evan Johnson of Farm Bureau Mutual, Manhattan, Kan.

The luncheon concluded with a showing of American Foreign Insurance Assn.'s new color, sound movie "A Short Trip Around the World."

Shown in the picture, from left, D. P. Skaer, E. F. Reske, Kathryn Graham, W. E. Mortimer, and Sophie Jelewski, assistant librarian of Chicago insurance library.

Has Three Ideas To Help Auto Problem

De Witt Waltmon, partner in the W. L. Doherty & Co. agency of Houston, writes:

Considering the unbelievable results of the past year for the automobile insurance business, I think it would behoove all members of our industry to offer suggestions which they feel might improve the situation. Here are three suggestions:

First, the standard family automobile policy should be amended so as to contain a warranty that no coverage be afforded any driver who does not hold a valid operator's license. The insurance industry is not being fair to the public when it pays claims which involve persons who have no license to drive. This clause appears in red ink in the standard automobile policy of Canada.

Second, the standard deductible as it now appears in the automobile policy should be abandoned. It has no meaning and it is common knowledge that unscrupulous insured and repairmen connive to avoid it. Insured should have his choice of a 5%, 10% or a 20% deductible. There is no greater control of repair charges than to provide that insured shall participate to some degree in each dollar spent.

Third, more equitable charges should be made for increased limits of liability. Those who wish to carry high limits for BI and PDL claims should be able to pay the cost of the additional protection. The present cost of higher limits than basic is not commensurate with the increase in risk assumed by the insurer.

Underwriters Adjusting Names LaGrave At Fargo

Royce W. LaGrave has been appointed manager of the Fargo office of Underwriters Adjusting. Offices are being moved from Graver Annex to 55½ Broadway. Mr. LaGrave, who practiced law at Leeds, N. D., before going to Fargo, for the past 5½ years has been casualty adjuster in North Dakota for Western Adjustment.

Md. Agents Ask Clarity, Equality in Contracts

Maryland Assn. of Insurance Agents adopted a resolution at the midyear meeting in Ocean City to petition companies, through the fire rating bureau, to clarify ambiguities in contracts in order to promote uniformity of interpretation of identical contracts in similiar situations.

The resolution asked that the standard dwelling special form and the special endorsement for homeowners B and C be amended to provide as broad protection as the dwelling broad form, thus making the several forms in popular use equal in building coverage.

The association took this action in view of unusually heavy snowstorms last winter when roof gutters and spoutings collapsed under weight of snow, although in many cases they did not become detached from building structures. Some companies, the association held, claimed that these incidents were not true "collapse," thus involving a $50 deductible under the dwelling special form, notwithstanding the fact that the extra charge for this form is 50% higher than for the broad form, which specifically pays for such damage without a deductible.

The association maintained the claims represented collapse and that it was not good public relations to interpret identical contracts differently.

The association voted to change its name to Independent Insurance Agents Assn. of Maryland.

More Trouble For Wm. B. Landwehr

The prosecuting attorney of St. Louis county has filed two suits against William B. Landwehr, one asking that he be prohibited from engaging in "false, misleading and unlawful activities" in the name of Farmers & Merchants Mutual Fire, and the other asserting that Landwehr and the company have forfeited rights to a charter "by reason of fraud."

Landwehr, who has been in hot water with the Missouri and Indiana departments before this, is also wrestling with a check forgery charge.

Editorial Comment

Cal. Action Is Astonishing And Puzzling

The decision of the directors of California Assn. of Insurance Agents to proceed with an anti-trust suit against insurers because the latter allegedly acted in concert to reduce automobile commissions is somewhat astonishing and certainly puzzling.

It is somewhat astonishing because at the same meeting the directors observed the accelerating pace at which automobile insured are leaving organized companies and asked them to develop a realistic incentive plan to attract safe drivers. The companies have maintained, with some logic, that safe drivers are leaving organized companies because their rates are higher—and not all agents disagree with them on this point. However, excluding losses, the agent's commission is one of the largest, if not the largest, single item in the premium dollar. It is not surprising that agents don't want their commissions reduced, but it is almost impossible for agents not to participate in an adjustment of organization company price to meet the competition.

At the same time the California directors warned insurers that their selective underwriting might end up in compulsory auto and a state fund.

Thus the agents, who have a major stake in this business along with insured and the companies, apparently believe that companies should not reduce commissions, and at the same time they should not selectively underwrite. A lower commission and selective underwriting are two procedures which the specialty companies follow and which the most successful of them advertise up and down the land.

What is puzzling is the real objective of those agents in the California association who contribute to a legal fund to stick the companies with a charge that they got together illegally and acted in concert to reduce commissions.

It seems unlikely that the agents seriously want the money that a successful prosecution of a suit would produce. They wouldn't be able to restore the commission rates to the old basis even if they won—competition and loss ratios will take care of that. Despite the fact that agents are understandably nettled, we don't like to think that they want to give the companies "what for" because of the commission reduction.

It is difficult to see what practical benefit, long or short term, the agents might achieve as a result of this sortie.

As to the basic charge that companies acted in concert in violation of provisions of the Sherman act, why should they do so illegally when they had available a legal means of adjusting the acquisition cost factor—and had used it in Connecticut and New York, and are using it now nationally? Why should they need to get together illegally in California—unless the climate there is conducive to illegality?

As to individual insurers acting in substantially the same way, in times of trouble companies like individuals tend to take similar action and would not have to "get together" to do so. In recent times there has been at least one reduction of commissions as the result of the general competitive climate, the surge of companies that substantially followed the Safeco lead. After all, though Californians feel that they are different, the automobile underwriting situation isn't, it is countrywide, it is bad all over, and the defensive moves of the companies to meet it had become pretty well standardized before the companies cut commissions in that state.

The timing of the California action undoubtedly is coincidental and not intentional. But as the suit progresses it will make interesting reading for the Senate anti-trust and monopoly subcommittee. Probably the direct writers and specialty companies also will follow the California case with interest.

So far as can be determined, the confidence of the organization agency companies in the agency system has not been materially altered by the action in California.

However, if it or similar action were to be undertaken nationally, as has been rumored, what has been a basically friendly relationship, as a voluntary association of independent business men almost has to be, could possibly change to arm's length dealing and bring about substantial alterations in the agency system.—K. O. F.

Personals

Sanford H. Lederer, executive vice-president and treasurer of Stewart, Keator, Kessberger & Lederer agency, Chicago, and Mrs. Lederer are the parents of a son, Jon Scott, born June 22. The Lederers have two other children, a boy and a girl.

One of the seven members of the class of 1898 returning for the 60th reunion at Union College, Schenectady, was **William A. Earls** of the Earls-Blain agency, Cincinnati.

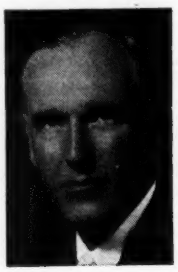
Paul R. Gingher, president of State Auto Mutual, and a former state senator, has been elected president of the Columbus (O.) chamber of commerce.

Elmer F. Reske, manager of Cook County (Ill.) Inspection Bureau, has been elected president of Illinois Tech Alumni Assn. He is a 1924 graduate of the school.

Alwin E. Bulau, retired advertising manager of Home, is operating the Bulau Galleries at Damariscotta, Me. His own oil paintings are on display as well as examples of hand weaving, Indian relics, Maine crafts and nautical gifts. The gallery occupies a century old home.

Deaths

PAUL B. SOMMERS, 72, retired president of American, died at his home in Maplewood, N. J. He was elected president of American in 1935 and retired in 1950. A past president of National Board, Southeastern Underwriters Assn., and Underwriters Salvage Co. of New York, he continued as a director of American until 1956.



Paul B. Sommers

Mr. Sommers entered the business in 1908 after graduation from Lake Forest (Ill.) University, as a field man for Scottish Union. Ten years later he entered the local agency business at Cleveland. In 1920 he joined American as superintendent of agencies, and in 1923 was elected a vice-president. In 1924 he was elected a director and in 1927 vice-president of Columbia Fire. He was a director of Mutual Benefit Life, Sanborn Map Co., Reinsurance Corp. of New York, and Underwriters Laboratories. He was also a trustee of American Foreign Insurance Association and a governor of Howard Savings Institution of Newark.

RICHARD D. BLANCHARD, 49, vice-president of the Alexander-Bolton local agency at Alexandria, La., died there. He had been with the agency 29 years. He was secretary of the Lions club.

Word has been received of the death May 17 of **JAROSLAV TUMA,** manager of First Bohemian Reinsurance Bank for many years until he left Prague in 1956 to become associated with General of Trieste. At his death he was making plans to take over management of Reale Riassicurazioni in Turin. An uncle, F. L. Tuma, who was at one time manager of First Bohemian Re, left Czechoslovakia to go with Aequitas Swedish Re. Jaroslav Tuma had written several books on the mathematics of reinsurance and insurance which were published in Switzerland and Bombay, India, in English and which had some circulation in the U.S.

ORAN M. ROBERTS, 62, founder of Roberts & Skinner, San Antonio insurance claims service, died there of a heart attack. Prior to forming his own company, Mr. Roberts had served as vice-president of Commercial Standard of Fort Worth for 12 years.

CLARENCE W. BROWN, 79, local agent at Statesville, N.C., 33 years until his retirement four years ago, died there.

MRS. MARGARET F. THOMPSON, wife of Field Thompson of Dunn & Thompson managing agency of Los Angeles, died there.

WILLIAM C. LINDSEY, 86, who operated his own agency from 1904 to 1926 at Durham, N. C., died at a nursing home.

JAMES J. LUCY, 59, well known New York City bond producer and head of hospital, Rockville Center, L. I. He lived at West Hempstead, L. I. He

The NATIONAL UNDERWRITER

The National Weekly Newspaper of Fire and Casualty Insurance

EDITORIAL OFFICE

17 John St., New York 38, N. Y.
Tel. BEekman 3-3958 TWX NY 1-3080

Executive Editor: Kenneth O. Force.
Associate Editor: John N. Cosgrove.

CHICAGO EDITORIAL OFFICE

175 W. Jackson Blvd., Chicago 4, Ill.
Tel. WAbash 2-2704 TWX CG 654
Managing Editor: John C. Burridge.
Assistant Editors: Richard G. Ebel, William H. Faltysek, William H. Faricy and R. R. Cuscaden

ADVERTISING OFFICE

175 W. Jackson Blvd., Chicago 4, Ill.
Tel. WAbash 2-2704 TWX CG 654
Advertising Manager: Raymond J. O'Brien

SUBSCRIPTION OFFICE

420 E. Fourth St., Cincinnati 2, Ohio.
Telephone PArkway 1-2140.

OFFICERS

Howard J. Burridge, President.
Louis H. Martin, Vice-President.
John Z. Herschede, Secretary-Treasurer.
420 E. Fourth St., Cincinnati 2, Ohio.
Telephone PArkway 1-2140.

SALES OFFICES

ATLANTA 3, GA—432 Hurt Bldg., Tel. Murray 8-1634. Fred Baker, Southeastern Manager.

BOSTON 10, MASS.—80 Federal St., Rm. 342, Tel. Liberty 2-9229. Roy H. Lang. Southern New England Manager and John F. MacNamara, Northern New England Manager.

CHICAGO 4, ILL.—175 W. Jackson Blvd., Tel. Wabash 2-2704. A. J. Wheeler, Chicago Manager. R. J. Wieghaus and William D. O'Connell, Resident Managers.

CINCINNATI 2, OHIO—420 E. Fourth St., Tel. Parkway 1-2140. Chas. P. Woods, Sales Director; George C. Roeding, Associate Manager; Arthur W. Riggs, Statistician.

CLEVELAND 14, OHIO—1367 E. 6th St., Lincoln Bldg., Rm. 208, CH 1-3396. Paul Blesi, Resident Manager.

DALLAS 1, TEXAS—309 Employers Insurance Bldg., Tel. Riverside 7-1127. Alfred E. Cadis, Southwestern Manager.

DENVER 2, COLO.—234 Commonwealth Bldg., Tel. Amherst 6-2725. J. Robert Ebelhardt, Rocky Mountain Manager.

DES MOINES 9, IOWA—327 Insurance Exchange Bldg., Tel. Atlantic 2-5966. D. J. Stevenson, Resident Manager.

DETROIT 26, MICH.—613 Lafayette Bldg., Tel. Woodward 5-2305. William J. Gessing, Manager for Indiana and Michigan.

INDIANAPOLIS 20, IND.—5634 N. Rural St., Tel. Clifford 3-2276. William J. Gessing, Manager for Indiana and Michigan.

MINNEAPOLIS 2, MINN.—1038 Northwestern Bank Bldg., Tel. Federal 2-5417. Howard J. Meyer, Northwestern Manager.

NEW YORK 38, N. Y.—17 John St., Room 1401, Tel. Beekman 3-3958. J. T. Curtin and Clarence W. Hammel, New York Managers.

NEWARK 2, N. J.—10 Commerce Ct., Tel. Market 3-7019. John F. McCormick, Resident Manager.

PHILADELPHIA 9, PA.—123 S. Broad St., Room 1027, Tel. Pennypacker 5-3706. Robert I. Zoll, Middle Atlantic Manager.

ST. LOUIS 2, MO.—221 Pierce Bldg., Tel. Chestnut 1-1634. Geo E. Wohlgemuth, Resident Manager.

SAN FRANCISCO 4, CAL.—582 Market St., Tel. Exbrook 2-3054. Richard G. Hamilton, Pacific Coast Manager.

CHANGE OF ADDRESS

Be sure to enclose mailing wrapper with new address. Allow three weeks for completion of the change. Send to subscription office, 420 E. Fourth St., Cincinnati 2, Ohio.

was recently reappointed to the board of governors of New York Building Congress and he was for years a member of the Moles, National Assn. of Contractors interested in tunnel construction. He entered the business in 1912 with American Surety and in 1928 went with Maryland Casualty as manager of the contract department. He started his own general agency in New York in 1937, which became Lucy & McNiece in 1946 and Lucy-McNiece & Bull this year. A son, James J. Lucy Jr. is a partner in the agency.

Stocks

By H. W. Cornelius, Bacon, Whipple & Co. 135 S. LaSalle St., Chicago, June 24, 1958

	Bid	Asked
Aetna Casualty	130	134
Aetna Fire	69	70½
Aetna Life	177	180
Agricultural	27	28½
American Equitable	32½	34
American (N. J.)	26	27
American Motorists	11¾	12¾
American Surety	16	17
Boston	30	31
Camden Fire	29¼	30¼
Continental Casualty	78	79
Crum & Forster com.	54½	56
Federal	40	41½
Fireman's Fund	53½	54½
General Reinsurance	57	59
Glens Falls	28	29½
Globe & Republic	18½	19½
Great American Fire	36	37
Hartford Fire	152	155
Hanover Fire	37½	38½
Home (N. Y.)	42	43
Ins. Co. of No. America	106	108
Maryland Casualty	36	37
Mass. Bonding	32½	34
National Fire	82	84
National Union	37	38
New Amsterdam Cas.	42	43½
New Hampshire	39½	41½
North River	33	34
Ohio Casualty	21½	22½
Phoenix Conn.	66	68
Prov. Wash.	16	17
Reinsurance Corp. of N.Y.	14¼	15¼
Reliance	39½	40½
St. Paul F. & M.	47	48½
Springfield F. & M.	28	29
Standard Accident	44	45½
Travelers	75½	76½
U.S.F. & G.	61	63
U. S. Fire	26	27

Cleveland Mariners Elect

Mariners of Cleveland at the annual meeting elected the following officers for 1958: Eugene J. Epple, Royal Globe, skipper; George E. Pascoe Jr., Lovell-Pascoe adjusters, first mate; Roman T. Keenan, Hinslea, McQuarry & Ray attorneys, yeoman; William B. Cullen, Aetna Casualty, purser; Ralph H. Johnson, Royal Globe, jimmy legs.

Jones & Hill agency, Savannah, Ga., has advanced William T. Williams to manager. He joined the firm in 1952.

Schenke Says Ad Men And Job Gain Ground

The Insurance Advertising Conference can mean no more to the industry than the individual member means to his company, Edmund V. Schenke, advertising manager of Royal-Globe and IAC president said in his report to the annual meeting at Falmouth, Mass.

He said he was aware that advertising managers can only act with management's permission, although they know they can do more and probably feel that they should. In most cases however, a fair appraisal would reveal that restrictions—right or wrong—are imposed by necessity. He observed that there is often necessity for not acting as well as necessity for performance. Advertising becomes vigorous when dictated by necessity and that is not determined by advertising managers, he observed.

Don't Underestimate Management

Mr. Schenke said he believed that decision making bodies in the business have become aware of the value of advertising, and he added: "We cannot underestimate their acumen any more than we would want them to underestimate our abilities."

He said that while doubt had existed in management's minds about the need and advantages of advertising and the qualifications of company advertising men, there is every indication that the pendulum is swinging the other way.

Mr. Schenke noted that any individual, regardless of his function in the business, can be critical, but his report was based on opinions, not criticism. "There is more to the insurance business than advertising, and we should judge ourselves first before any attempt is made to weigh operations in other areas of responsibility," he declared.

Some Areas For Criticism

He said it was possible to indulge in criticism of seeming inactivity in the advertising area of the business in past years to combat competition and attract the insurance buying public to "our side of the fence." He also said it could be held that too many managements have not listened and are not listening to advertising and public relations men who are preaching the gospel of the printed word as a competitive weapon and the means of creating better understanding. But he found much to engender confidence today.

"Our industry is better represented in national media than ever before," he declared. The volume and quality of promotion and production material reflect great improvement, he continued, and assistance and counsel to producers are on a more effective and efficient basis. Insurance informations, news items and feature articles are appearing more frequently.

Cleveland CPCU Chapter Elects Earley President

Cleveland chapter of CPCU has elected Harold W. Earley, Central Mutual agency, president. Other officers elected were: Edwin J. Seely, Davis & Dissette, vice-president; Willis Davis, A. R. Davis Co., secretary, and Daniel Volper, E. G. Spitz agency, treasurer.

New trustees are E. J. Garson, Garson-Blau; T. A. Livingston, American Casualty, and Edgar R. Phinney, North America.

Studies Foreign Car Spare Part Supply

(CONTINUED FROM PAGE 18)

they began to see the serious need for getting more information into the hands of the car owner, the insurance company field men, and the independent garage owner.

Most have prepared thier own suggested replacement time allowances, but are still a bit cautious about releasing this much needed data, simply because they do not understand our normal collision inspection and estimating procedure. Yet what is done in the U. S. is essentially the same job performed by the auto damage assessors in England.

It was encouraging to learn that none of the replacement parts managers with whom I visited could see any reason at all for following Detroit's custom of announcing monthly parts price changes. Once a year seemed to them most practical for all parties. They generally delegate the local pricing to their U. S. personnel and so it sometimes happens that a spread appears within cities fairly close together. But this should soon settle into a uniform price schedule by regions.

Most of the larger manufacturers have their own factory personnel in charge of their U. S. operations. This makes for a more practical set-up where parts, prices, labor schedules and service is concerned. The smaller producers of necessity tend to select a "concessionaire" and let him handle service as he elects. Here is where the chain of command usually breaks down and long periods elapse before replacement parts arrive.

There is no doubt but that the U. S. may well become the No. 1 export market for a good many of these alert manufacturers. At present we comprise a fair second for most. But at the close of 1958 we may move up to a solid second, and if 1959 proves to be like 1958, then the U. S. will become the largest single export market for most of these economy car makers.

By way of comparison, my travels in 1955 were over much of this same ground in France, Germany and Italy. At that time the roads were completely free of automobiles, but plagued with ox carts and scooters. This spring the scooters were mostly gone and the oxen were not so visible, but in their place were hundreds of new, small family size cars cluttering up all the parking areas of every city visited. This reflects the expanding European economy and the expanded factory facilities.

VW Service Concept Outstanding

For example, it took my guide almost 25 minutes to walk me from a far corner of the Volkswagon factory at Wolfsburg back to his office in the center of this large collection of buildings. The service concept at VW is outstanding in its simplicity. They simply work out every major repair operation and some of the common replacement operations in hours, then the hours are printed for each car owner all over the world in terms of his local currency. In this fashion they leave nothing to the repair industry, but provide the VW owner with facts he can use to help control his repair costs.

This delightful procedure fell short of my interest in sheet metal replacement time allowances, and that portion of these little booklets was left blank. I devoted considerable time tracking down the reason for these omissions. The answer is about what you would expect. They wanted to give the shop operator some leeway and some opportunity to recover his costs in sheet metal repairs and replacements since they were holding him so close on all other maintenance operations. Or so it seemed to come through to me after a two hour visit in English.

Automation is evident in all factories. Fifty-five cents per hour is not uncommon for direct labor. At the Mercedes-Benz factory there is a long waiting list composed of skilled mechanics who wish to work there. Good labor is no problem in Germany. Incidentally, the large ballroom size

lobby of the Mercedes factory was so choked with American business executives waiting to gather up their first Mercedes (usually the 220) that I could barely get through to see the service section manager. At the hotel in Stuttgart all the conversation was about the Mercedes just bought or expected later in the week. Their service facilities through Studebaker are bound to improve with time as they are selling a great percentage of their output to U.S. buyers.

Of passing note is the fact that all road surfaces on the Continent except Austria were excellent and far smoother than our turnpikes. Every factory operates a splendid employe dining room with service better than our type of cafeteria. Most factories are operating round the clock, and executives are on hand at eight a.m. as well as five p.m. In all it was a most stimulating experience meeting such active executives, and alerting them to our need in the U.S. for part pictures, part prices, replacement time allowances and a fresh dealer directory every quarter.

Many Items Ready Now

All these items will become available in time, many now are ready for release, and order is certain to emerge from the present state of confusion over so many import cars arriving so fast. The durability built into most of the imports is obvious to anyone watching the pride with which each car is built. My choice was an Opel station wagon which I bought at the Adam Opel factory outside of Frankfurt just after landing on Pan American's flight direct from Chicago to Frankfurt. If I had called on Ford first, I might have just as easily bought a Taunus and enjoyed driving it 6,000 miles in 60 days.

When the European secretaries would come to "gather me" for a trip down to their employers office, many points lost out completely in translation. One young lady in Germany at the Porsche factory said, "Sit down here and when Herr Schmitt comes in I'll tell him to come out and *look at you.*"

At the Borgward plant the young secretary said, "Please be seated while I go and *warn* Herr Zimmerman that you are here."

The British appear to be past masters at the red carpet treatment. They really extended themselves to understand our problems on service, and to explain their desire to stand behind their product.

—

The Bellingham, Wash., office of **General Adjustment Bureau** has been moved to 1210 Cornwall avenue. John J. Lyman is manager.

Kemper Appoints Nine To New Posts

Four new officers have been elected and five current officers have been elevated by Lumbermens Mutual and American Motorists. The four new officers are Douglas C. H. Jones, Los Angeles, and Thomas M. Patton, Chicago, assistant secretaries; and Edson B. Fisher, San Francisco, and Walter T. Tower, Boston, resident secretaries.

Those promoted are Dr. N. Gillmor Long, Chicago, from chief surgeon to medical director; Hiram L. Kennicott Jr., Chicago, from assistant secretary to 2nd vice-president; John F. Leary, Boston, from resident secretary to 3rd vice-president; and J. Morton Macomb Summit, N. J., and William V. O'Neil, Boston, from assistant secretaries to resident secretaries.

Mr. Jones has been with the Kemper group safety engineering department since 1929 and now is district safety director in Los Angeles. Mr. Patton, manager of the bond and burglary department, joined the group in 1940. From 1947 until last January, he was manager of the central division bond and burglary department.

Mr. Fisher is manager of the claim department in San Francisco. He joined the organization in 1941 in Chicago and was transferred to the west coast in 1953. Mr. Tower has been with the Kemper group since 1931 as assistant underwriter for Federal Mutual, which merged recently with American Farmers Mutual.

Dr. Long has been chief surgeon of the group since 1956. He joined the group in 1949 as resident surgeon for the New England department and moved to Chicago in 1954. Mr. Kennicott was named administrative assistant to the senior vice-president for underwriting last July. He joined the Kemper organization in 1938. Mr. Kennicott was elected assistant secretary of Lumbermens and American Motorists in 1954.

Mr. Leary, who has been with the Kemper group since 1924, is now head of the casualty underwriting department in Boston. Mr. Macomb is branch casualty underwriting manager for the group's eight-state eastern territory, with headquarters at Summit, N. J. He joined the organization in 1934 as chief clerk in the auto underwriting department at Philadelphia.

During his 21 years with the Kemper group, Mr. O'Neil has been claims manager in Indianapolis and Louisville. He was named manager of the Boston claim department in 1950 and named assistant secretary of Lumbermens and American Motorists last year.

American General Group To Acquire Another Member

Directors of Home State Life of Oklahoma City have voted to accept an offer to affiliate with American General of Houston. Payment for Home State's business will be in shares of American General, and the transaction is subject to ratification by the stockholders of both corporations. Meetings for this purpose will be held shortly.

American General group is comprised of five life and fire-casualty companies headed by Gus S. Wortham, who is president of the parent company and president or chairman of the others.

Benjamin N. Woodson, president of American General Life, said that under the new arrangement Home State Life will continue to operate as an autonomous company with the home office remaining in Oklahoma City. All officers and directors will retain their present positions, with Messrs. Wortham and Woodson being added to the board.

Mr. Woodson emphasized that there are no plans for merging Home State into American General Life.

Home State Life is 29 years old and does two-thirds of its business in Oklahoma, the remaining business being in Texas. The company has approximately $21 million of assets and more than $210 million of insurance in force.

With the addition of Home State, the American General group includes four life companies, with more than $875 million in force. The roster now lists American General (the parent company), American General Life, American General Investment Corp., American General Realty Co., Union National Life of Lincoln, Hawaiian Life, National Standard of Houston, and Home State Life.

Insurance Women Convene In Detroit

National Assn. of Insurance Women is holding its annual convention in Detroit, at the Statler Hilton, this week. Insurance Women of Detroit is hostess, and members have been working for a couple of years on raising funds to finance the affair.

Monday and Tuesday were devoted to registration, and there was an open house Tuesday evening. Business sessions got under way Wednesday with Mrs. Frances Runk, national president, handling the gavel. Mrs. Lillian M. Crawford of Detroit welcomed the insurance women for the Detroit organization, and John F. Cole Jr. of Detroit, president of Detroit Assn. of Insurance Agents, brought greetings. Others who participated in the opening session included Miss Helen Miller of Insurance Women of Birmingham, Ala.; Mrs. Edwina Maass of the rules committee, and Mrs. Alice Anderson, vice-president of the national association.

In the afternoon, committee reports were given by Mrs. Lola Brooks, secretary, Mrs. Ingfrid B. Cowan, Mrs. Frances Holman, Miss Mary Gambille and Mrs. Betty B. Hirst. There was a starlight cruise on the Detroit river that evening.

Thursday morning, program participants included Mrs. Hirst, Miss Ilene Cleary, Mrs. Sadie Ward, Mrs. Fawn Linschoten, Miss Alice Anderson, Mrs. Ruth Wolford, Mrs. Marion Walker, Mrs. Connie Golden, Mrs. Allen Linder and Miss Mildred Bartells. The luncheon speaker was Dr. Paul D. Bagwell of Michigan State University.

The business session in the afternoon was followed by a cocktail party, at which Royal-Globe was host, and the annual banquet. Clare S. McKnight, general convention chairman, was emcee. Miss Kay Lavin presented travel awards and installed the new officers. Commissioner Navarre of Michigan was a guest.

Countrywide Loss, Expense Ratios Fo r 1957 Compiled By N.Y. Department

Summary figures from its booklet on 1957 loss and expense ratios, to be available in August, have been released by the New York department. Aggregate experience is given of all fire and casualty companies licensed in New York in 1957 for major lines.

The net gain for each line in the tabulation differs somewhat from those reported by companies in their expense exhibits, since the department computes ratios for commissions and brokerage and for taxes and fees on a written instead of an earned premium basis because it believes the results are more realistic.

Expenses do not include federal income tax. Net gain shows results before federal income tax.

The chart highlights a gain of 19.3% on fire for the mutuals and a loss of 1.4% for stock companies, with reinsurers close to the latter experience with a loss of 1.5%. Highest losses were in commercial multiple peril with the stock companies showing 29.3%, mutuals 17.8% and reinsurers 43.3%. In boiler and machinery stock companies had a profit of 7.2%, mutuals one of 35.5%, but reinsurers had a heavy loss of 27.5%. Stock companies lost 16.2% on auto BI and 6% on PDL; mutuals lost 4.5% on BI but gained 3.2% on PDL, while reinsurers showed a loss of 10.7% and a gain of 17.2% on these classes.

AGGREGATES BY LINES	COUNTRYWIDE NET PREMIUMS		UNDERWRITING RATIOS			ANALYSIS OF EXPENSES				
	WRITTEN	EARNED	LOSS	EXPENSE	NET GAIN	LOSS ADJUSTMENT	COMMISSION AND BROKERAGE	OTHER ACQUISITION	GENERAL	TAXES AND FEES
STOCK COMPANIES										
Fire	$1,169,727,725	$1,167,013,127	51.7	49.7	-1.4	3.7	25.7	7.1	9.5	3.7
Extended Coverage	447,152,213	423,483,879	50.4	56.1	-6.5	8.4	27.2	7.7	9.5	3.3
Homeowners Multiple Peril	179,490,033	121,158,639	52.2	54.1	-6.3	6.2	26.4	9.6	9.0	2.9
Commercial Multiple Peril	24,418,728	17,148,683	78.9	50.4	-29.3	5.7	15.2	12.3	13.8	3.4
Ocean Marine	181,175,777	177,222,226	68.7	34.9	-3.6	5.8	17.1	3.9	6.5	1.6
Inland Marine	284,639,732	287,989,957	58.1	49.2	-7.3	6.7	22.8	8.2	8.2	3.3
Accident	56,937,236	55,737,205	38.0	55.1	6.9	3.8	28.2	9.4	10.9	2.8
Accident and Health	42,623,887	41,259,386	45.6	47.3	7.1	3.8	26.3	10.4	4.5	2.3
Hospital and Medical	41,240,592	40,690,325	43.8	47.6	8.6	4.0	25.1	10.8	5.3	2.4
Group Accident and Health	407,614,780	407,434,467	83.9	15.5	.6	2.3	5.6	2.4	2.9	2.3
Workmen's Compensation	626,348,689	614,827,228	62.1	35.1	2.8	8.8	11.3	3.2	8.2	3.6
Liability Other Than Auto	408,925,026	386,374,069	45.7	55.0	-.7	14.1	20.6	5.8	11.7	2.8
Automobile Liability	1,206,041,099	,146,410,437	70.7	45.5	-16.2	12.3	18.9	5.5	5.7	3.1
Automobile Property Damage	520,274,842	509,400,825	59.4	46.6	-6.0	12.0	19.9	5.7	6.1	2.9
Automobile Collision	507,775,643	489,341,607	57.0	46.0	-3.0	8.0	23.5	6.1	5.7	2.7
Auto Fire, Theft and Comp.	251,810,401	236,629,556	60.1	48.5	-8.6	8.6	23.8	6.5	6.7	2.9
Property Damage Except Auto	96,049,659	92,182,103	44.6	55.0	.4	11.9	20.5	6.6	13.1	2.9
Fidelity	78,519,500	66,673,888	41.7	57.0	1.3	10.3	16.6	11.2	15.7	3.2
Surety	129,908,478	125,416,697	29.4	61.6	9.0	6.3	24.8	11.2	16.0	3.3
Glass	35,893,109	29,612,310	46.7	56.4	-3.1	5.6	27.2	9.1	11.7	2.8
Burglary and Theft	90,944,450	84,513,994	43.4	56.1	.5	6.7	26.6	8.3	11.8	2.7
Boiler and Machinery	50,541,175	47,092,981	29.4	63.4	7.2	2.3	17.4	7.4	33.1	3.2
MUTUAL COMPANIES										
Fire	184,877,894	185,831,596	42.2	38.5	19.3	2.7	14.9	9.3	8.8	2.8
Extended Coverage	64,500,471	64,310,905	39.5	47.4	13.1	6.9	18.8	10.4	8.6	2.7
Homeowners Multiple Peril	39,153,903	27,062,458	41.2	52.2	6.6	5.9	15.8	18.7	9.1	2.7
Commercial Multiple Peril	2,530,425	2,023,825	64.0	53.8	-17.8	6.5	6.3	19.8	17.0	4.2
Ocean Marine	15,284,263	15,202,485	69.6	29.7	.7	9.4	8.5	5.3	5.7	.8
Inland Marine	22,763,915	22,591,725	50.4	41.7	7.9	6.1	10.8	12.8	9.1	2.9
Accident	3,804,125	3,252,008	52.5	41.4	6.1	8.8	14.4	8.1	7.7	2.4
Accident and Health	3,552,482	3,437,709	72.2	36.7	-8.9	4.4	7.8	15.3	6.6	2.6
Hospital and Medical	3,755,953	4,350,775	29.5	44.3	26.2	4.2	17.2	12.8	7.8	2.3
Group Accident and Health	95,959,367	94,532,714	88.2	16.2	-4.4	3.3	1.8	5.7	3.1	2.3
Workmen's Compensation	361,502,113	355,978,324	57.2	25.5	17.3	8.0	2.0	5.2	7.0	3.3
Liability Other than Auto	104,623,122	99,683,607	47.6	43.6	8.8	15.0	9.8	7.5	8.8	2.5
Automobile Liability	435,155,333	416,294,193	62.7	41.8	-4.5	16.7	8.6	9.1	4.7	2.7
Automobile Property Damage	201,484,956	194,847,256	58.3	38.5	3.2	13.4	8.5	9.3	4.8	2.5
Automobile Collision	205,455,137	196,862,608	50.8	36.6	12.6	10.9	9.5	9.5	4.4	2.3
Auto Fire, Theft and Comp.	93,429,659	88,540,417	60.4	38.7	.9	11.4	9.1	10.5	5.3	2.4
Property Damage Except Auto	21,531,188	20,920,152	57.5	43.2	-.7	15.5	6.1	9.1	10.1	2.4
Fidelity	6,076,328	5,156,749	44.5	37.1	18.4	9.8	4.9	9.8	10.3	2.3
Surety	1,600,258	1,422,677	20.4	53.2	26.4	5.2	30.3	7.3	7.9	2.5
Glass	3,488,531	3,030,451	49.2	49.0	1.8	3.8	11.5	19.4	11.8	2.5
Gurglary and Theft	6,679,024	6,306,561	54.1	47.6	-1.7	7.8	11.4	14.3	11.6	2.5
Boiler and Machinery	18,460,756	18,947,174	31.7	32.8	35.5	2.7	3.0	7.2	17.8	2.1
REINSURANCE COMPANIES										
Fire	107,076,371	101,421,253	54.5	47.0	-1.5	2.8	41.6	1.0	1.4	.2
Extended Coverage	31,202,000	29,350,517	45.9	47.5	6.6	3.5	41.2	1.1	1.5	.2
Homeowners Multiple Peril	7,131,052	4,743,414	45.5	46.7	7.8	3.0	39.1	1.8	2.5	.3
Commercial Multiple Peril	1,732,697	1,051,373	94.5	48.8	-43.3	5.4	39.2	1.5	2.4	.3
Ocean Marine	8,817,888	8,152,921	76.8	31.7	-8.5	4.0	23.5	1.2	2.6	.4
Inland Marine	9,430,613	8,682,143	66.1	47.0	-13.1	4.3	37.9	1.7	2.5	.6
Accident	2,236,363	2,334,652	43.6	42.3	14.1	1.7	35.7	2.6	1.6	.7
Accident and Health	2,815,859	3,108,639	44.1	53.5	2.4	1.3	46.9	3.2	1.5	.6
Hospital and Medical	1,499,809	1,533,141	39.2	50.3	10.5	3.0	39.9	3.4	2.6	1.4
Group Accident and Health	4,574,588	4,552,124	68.3	30.2	1.5	2.9	20.8	3.7	1.8	1.0
Workmen's Compensation	8,769,179	9,069,092	60.5	36.7	2.8	5.6	24.3	2.8	2.6	1.4
Liability Other Than Auto	9,863,128	9,634,023	50.0	46.8	3.2	9.4	31.3	2.7	2.6	.8
Automobile Liability	38,898,660	37,884,582	65.0	45.7	-10.7	7.6	34.4	1.9	1.4	.4
Automobile Property Damage	9,802,606	10,007,596	39.4	43.4	17.2	4.7	34.8	1.6	1.7	.6
Automobile Collision	5,098,671	5,364,933	59.1	46.5	-5.6	5.5	36.2	1.8	2.1	.9
Auto Fire, Theft, and Comp.	9,680,860	8,061,012	52.0	47.6	.4	4.0	40.6	1.2	1.5	.3
Property Damage Except Auto	2,409,295	2,203,287	51.1	37.3	11.6	3.0	28.8	2.1	2.5	.9
Fidelity	9,879,654	8,428,634	44.7	49.8	5.5	3.7	42.7	1.6	1.4	.4
Surety	26,636,155	24,314,236	46.8	57.5	-4.3	5.5	48.5	1.7	1.3	.5
Glass	387,356	293,722	29.9	50.1	20.0	3.0	33.8	5.6	6.2	1.5
Burglary and Theft	2,268,330	2,414,502	31.7	43.9	24.4	2.6	36.8	2.1	1.8	.6
Boiler and Machinery	858,298	896,400	93.1	34.4	-27.5	1.9	28.9	1.2	2.0	.4

Two Aetna Casualty Executives Retire

E. N. O'Beirne, manager of the southern fire department of Aetna Casualty and Standard Fire at Atlanta, and George J. Olson, manager of the Chicago brokerage and services department, are retiring. Mr. O'Beirne will be succeeded by M. N. Watson, now assistant manager. Mr. Olson's duties will be assumed by Paul E. Olson, manager of the Cook county department.

Mr. O'Beirne joined the organization as general agent in 1912 and has served for 37 years as southern fire department manager. He is a former president and chairman of the executive committee of Southeastern Underwriters Assn.

George Olson has had more than 30 years of service with the companies and has been head of the brokerage department since 1935.

Find Holz Didn't Substantiate His Disapproval

(CONTINUED FROM PAGE 1)

long since recognized as "a development of insurance arising out of the difficulties of rate making based on the experience of a single company."

Proposed revisions would continue to originate with the rating organizations and insurers on the basis of statistical and other data collated by them, the court said. There remained absent "an exact statutory formula for rate-making" as had been proposed on occasion in the past. Instead, the prescribed test is, primarily, that the rates be "reasonable and adequate."

Rigid Formula Not Required

"The application of the tests of reasonableness and adequacy necessarily requires the exercise of judgment on the part of the superintendent in analyzing and treating the factual data before him and in reaching his ultimate determination," the court opined. "He is not restricted to a rigid formula of his own or another's devising nor, of course, is he bound to hold rules of past practice immutable, but his determination must, like any other administrative decision, be grounded on proof found by him to be preponderant and which, upon review, will meet the judicial test of substantial evidence. Beyond this restatement of familiar principles, we need not discuss the conflicts in the various theories advanced by the parties as to the superintendent's powers and the procedural questions involved in their exercise."

Loss Period Too Limited

The superintendent found that the period of loss experience for the policy years 1955 and 1956 was too limited to constitute a sufficiently reliable or "credible" base, because only 40% of the total incurred BI losses shown for the policy year 1955 represented actual payments, 60% being in reserve and representing estimates; and but 6% of such losses for the policy year 1956 represented actual payments, 94% being still in reserve and thus representing estimates.

"The superintendent considered that the loss experience for the policy years 1952 through 1956 would constitute a 'more realistic and credible base, as reflecting 'a more mature development and a far lesser degree of judgment factors, and found that on the basis of that five-year average experience the present rates were entirely adequate," the court stated.

The additional ground of disapproval was a finding of inequity in the method employed for allocation or loading of general administration expenses, whereby the percentage of premium allowed therefor would produce $4.57 per car in New York for general administration expenses while the corresponding allowance countrywide, applied to the lower average countrywide premium, provided $2.94 per car.

Compulsory Not Considered

The superintendent in his brief stated that the absence of experience under compulsory was not a ground of his final determination, although referred to and discussed therein. "The record does not, in any event, support any inference that loss experience would be improved as a result of the act," the court observed.

The basic and difficult problem of rate making is, of course, that of accurately predicting actual losses, the court observed, not merely for the future period to which the rates proposed will be applicable but, also, for the last two available policy years which, in the past, have been used as the measure of loss experience to be applied to future rates. The usual term of an automobile policy being one year, experience data is collated for all policies written in a calendar year, with the result that a very large proportion of the losses attributable to policies written in a particular calendar year will not be incurred until some time in the next year. The latest policy year considered in connection with these filings was 1956 and, of course, some policies issued in 1956

expired as late as Dec. 31, 1957, subsequent to the rate fillings made in Oct. 1957.

Further, of course, a large proportion of even the known claims remained unpaid at the end of the calendar year following that in which the policies applicable to those claims were written. Finally, some proportion of the claims (especially those for bodily injury) attributable to a particular policy year will, because of litigation or for other reasons, customarily remain undisposed of for several years.

Necessarily, the amounts of the losses incurred but not paid and of the losses to be incurred during the unexpired portion of the later of the two policy years were estimated and this was done on the basis of past experience and adjusted by the application of certain factors customarily used.

The identical 1957 rate filings made by the bureaus were prepared upon the bases customarily employed for many years past, the court commented. The process requires provision, first, for expenses of operation such as commissions and like production costs, general administration expenses, taxes and fees, and audit and inspection costs, plus a 3.5% margin for underwriting profit and contingencies, and, second, for losses. The provision for expenses was less than that made in the last prior filings (by reason of a decreased allowance for production costs) so that in the case of BI the cost provision was reduced from 45.48% to 40.97% of the premium, leaving 59.03% of future gross premiums available for payment of future losses. By a similar reduction of the expense item, the portion of the PDL premium allocated to losses was increased to 56.53%.

The bureaus then computed, again by customary methods, the "experience loss ratio," which is the percentage of the present premium currently being expended for losses. For example, the experience loss ratio with respect to the premium for BI coverage was computed at 64.92 and divided by 59.03 (the percentage of the future premium dollar available for losses), the quotient of 1.10 indicating a future rate of 110% of the present premium, or an increase of 10%.

Accuracy Is Not Questioned

The accuracy of the statistical data underlying the computations is not questioned, insofar as it is derived from actual experience, the court pointed out. As respects the provision for future losses, the question is, then, correctness of the experience loss ratio computed on the basis of the mean experience of the last two available policy years. This is the crux of the controversy as to the first ground of the superintendent's disapproval.

The superintendent's disapproval stressed the substantial portion of losses necessarily estimated. The bureaus adduced evidence, however, the court said, that past experience had shown their computation of the experience loss ratio substantially accurate upon application of the loss development factor derived by comparison of the losses actually paid, in a year in which substantially all claims had been paid, with the reserve which had actually been established. There was testimony that over a 10-year period the average loss cost was within five cents of the estimate for bodily injury, or \$30.03 as against \$30.08, and within 13 cents of that for property damage, or \$11 as against \$11.13.

Loss Costs Compared

This result was obtained upon examination of the yearly loss costs reported for each year of the 10-year period and upon comparison, in each case, of the loss costs reported as of 12 months with those reported as of 36 months, in the case of BI and as of 24 months in the case of PDL.

The superintendent attacks these computations as not developed for longer periods. He contends, on the basis of a compilation published by the department and in evidence, that development beyond three years and to the end of five-year and six-year periods demonstrates that the loss ratios at the end of the longer periods are from 3 to 4% lower than the corresponding loss ratios at the end of three years. Stated in simpler terms, the contention is that when all claims incurred in a particular year have been finally settled, their actual cost is shown to be 3 to 4% less than their

assumed cost at the end of three years.

The compilation upon which this argument is predicated appears on one page of a 143-page booklet, other portions of which were referred to in the testimony. The particular compilation to which the superintendent adverts in his brief was not discussed on the hearing nor was it specifically referred to when counsel for the department offered the booklet in evidence, the court stated. It was received, without objection, under a limitation expressed in terms not entirely clear.

Bureaus Dispute Exhibit

The bureaus advance reasons of apparent cogency, which might well have been subjects of testimony, for according the exhibit less than full weight, the court said. It is therefore unfortunate that it was not analyzed on the hearing, the court said, since there was little else in the evidence to impeach the bureau proof as to the accuracy of the loss development factors underlying their ratings. The court said, however, that it might properly take cognizance of one of the objections now urged by the bureaus—that while the rate filings here in controversy involve only so-called statutory limits losses and bureau calculation of the loss development factor was concerned only with losses within those limits, the questioned compilation covers total limits losses. It is argued that with respect to losses in the latter category there is greater possibility of error in estimating reserves than in cases of statutory limits losses, apparently on the theory that claims for injuries so serious as to involve damages in excess of statutory limits are more difficult to evaluate and their ultimate disposition, after verdict or adjustment, more likely to entail disproportionately large variations from initial estimates.

Decision Not Clear On Exhibit

The decision does not indicate the weight accorded the disputed exhibit by the superintendent in finding that "in forecasting future expectations reliance upon the loss experience of the companies for the two most recent policy years is too limited and is unsound." Indeed, the court opined, the supposed compelling significance of the exhibit is entirely a matter of argument on this appeal.

The Holz decision itself refers specifically to a statement prepared by the bureaus, at the superintendent's request, showing experience for private passenger cars for the five-year period 1952 through 1956, which statement reflects, in some part, the loss development procedure now attacked but also gives effect, as to BI, to loss development to 60 months by use of a loss development factor of 0.984.

If it be assumed that the disputed compilation was properly received within the limitations imposed by counsel upon the exhibit of which it is a part, its weight would be for the superintendent's determination, the court commented. It would follow that the credibility, otherwise unimpeached, of the bureaus' proof of the accuracy of their loss development procedures would also be within an area of decision into which the court might not intrude.

Adequacy Not Established

Here, however, mathematical factors are concerned and it is apparent that the percentage of error in the loss ratios asserted by the attorney general upon his analysis of the exhibit is insufficient, alone or in combination with the supposed excessive loading for general administration expense, to discount all of the proposed increase and to establish the adequacy of the present rates, according to the opinion.

This particular factual dispute was not resolved by specific findings, the court averred. The determination proceeded instead on the broad basis of administrative judgment and policy. Thus the court reached the question whether the superintendent properly adopted and applied a new standard or measure of computation—the five-year experience base—whereby it was determined that the current rates were adequate.

The court said it would not question the superintendent's general authority, as a matter of administrative judgment, to reject the basis of two-year loss experience, however long accepted, and to require the use of such other standard as should be reasonable. But it went on to say that it is clear, however, that if the application of any standard, however reasonable in general concept it may seem, will cause an illegal and unreasonable result in a particular case, the principle of administrative discretion in the formulation of standards does not render that result invulnerable to attack. The crux of this case is not the propriety, as an abstract proposition, of one rate-making basis or another, but is, rather, the question whether the rates which remain in force by reason of the disapproval of the revisions are in fact adequate and those proposed unreasonable.

In the court's view, there is no substantial evidence to support a find-

ing that no increase is necessary to render the rates adequate. If the insurers are entitled to some increase in the current rates, it follows that those rates are no longer adequate.

It must be presumed that the current rates were reasonable and adequate when approved by the superintendent, the court went on. The purely factual or statistical data submitted in support of the claim of subsequently increased and increasing loss costs is not questioned. The dispute is as to the accuracy of the method and result of the bureaus' loss development. Modification of the proposed new rate to give effect to the superintendent's contentions as respects both (1) the margin of error in the incurred-earned loss ratios compiled in his exhibit and (2) the supposed excessive loading for general administration expenses would not have the effect of absorbing the entire amount of the proposed increase, which the otherwise uncontroverted and unimpeached evidence seems clearly to warrant.

The court said that its conclusion that loss experience has worsened since promulgation of the current rates appears to be strongly and additionally fortified by all the evidence of trends which the record contains. Because of delay incidental to the controversy, opportunity was afforded to develop additional proof of this nature after the rate filings had been made.

Bureau Data Impressive

The bureaus offered evidence of the combined loss experience of their members and subscribers for bodily injury and property damage, combined, in the form of average loss cost per passenger car at statutory limits for each of the years 1952 through 1956. Even if effect be given to the superintendent's criticism of bureau methods of loss development, the data shown is impressive and may not be ignored, the court declared. In 1951, 1952 and 1953 the average losses per car were relatively stable, being $48.03, $47.60 and $49.34, respectively. Thereafter there was marked acceleration in the loss rate, losses rising to $53.25, $59.80 and $62.64 for 1954, 1955 and 1956. These figures compare with a loss provision of $56.02 in the present rates, and a loss provision of $61.34 proposed by the rate filings in dispute and, according to the computations, would imply a loss provision of $54.06 under the superintendent's basis of a five-year loss experience. If the latter basis were sound, then, despite all the evidence to the contrary, even the present rates would have to be appraised as excessive.

Weighs The Result

The effect of the application of the five-year standard is, of course, to weight the result with the relatively lower losses in the three earlier years and to give less effect to the substantially higher losses in the last two years and, also, to that extent to ignore the marked acceleration which commenced in 1954, continued through 1955 and 1956 and, according to all the evidence of trend, would continue in 1957.

Again giving effect to the presumption that the current rates were lawfully established and, therefore, neither unreasonable nor more than adequate, the court found in the record no substantial evidence supporting the superintendent's determination that those rates remain adequate. That determination would be sound only if a very sharp downward loss trend could have been predicted for 1957 but, as has been shown, every indication apparent from the evidence offered in January, 1958, was directly to the contrary.

The court therefore annulled the superintendent's disapproval of the increases.

This conclusion renders unnecessary any extended discussion of the second ground of the superintendent's disapproval, the court ruled. This was that the loading for general administration expenses, by allocation of a percentage of the premium derived from countrywide experience, is predicated upon an unsound basis. The decision states that the use of this basis would produce an average of $4.57 per car in New York as against a countrywide average of $2.94 per car. This inequity, the superintendent ruled, calls for corrective action. These observations did not seem to the court to partake of the nature of a finding. The test is not whether inequality exists as between the allowance for expense in New York and like allowances elsewhere but whether the proposed expense item is accurate and reasonable. It may well be that unit cost rather than a percentage figure might more fairly be applied but this record neither sustains that conclusion nor affords statistical evidence upon which a unit cost could be determined, the court declared. On the contrary, the computation of the administration cost factor in the proposed rates was upon statistical data which petitioners were required by the superintendent and his predecessors to report for the purposes of such computation and the absence of data especially applicable to New York was due to the superintendent's failure to require the submission of such evidence.

The court ruled that it need not determine whether this second ground of disapproval constituted arbitrary action on the part of the superintendent since the court finds it, in any event, insufficient to constitute a factual finding of excessiveness. Insofar as it may have been intended to foreshadow a change of policy, it is not before the court, the opinion stated.

The statute requires that in an initial disapproval of a rate filing the superintendent shall specify "in what respects he finds such filing fails to meet the requirements of this article," eight. In essence, the stated ground of the initial disapproval was "that the proposed rates are deemed to be excessive," the court observed. The bureaus then demanded and received a hearing, pursuant to the statute, and the superintendent's determination followed.

Findings Subject To Review

The statute further provides: "The *findings*, determinations and orders of the superintendent made after notice and hearing, pursuant to the preceding sections of this article shall be subject to judicial review." The determination was clearly deficient in omitting "findings" such as were contemplated by the statute or such as are necessary to judicial review, regardless of statutory provision therefor, the court declared. The broad and general conclusions of the determination which have been discussed were followed merely by the statement that "nothing of probative force has been added to warrant a modification of the conclusion reached by the superintendent of insurance in his letters of disapproval dated Nov. 12, 1957."

"The testimony and the great and complex mass of evidentiary data submitted to the superintendent required precise professional analysis and, beyond that, findings in such detail and of such particularity as to furnish an adequate basis for review," the court declared.

"The difficulties inherent in the statutory scheme of regulation, whereby the superintendent may not directly fix rates but must approve or disapprove proposed rates *in toto*, furnish an additional ground for requiring findings in terms of the statistical and monetary factors involved," the court stated. "In many cases the area of dispute might thus be narrowed and the treatment of new filings expedited after a decision adverse in part, and without the necessity of judicial review."

Watters & Donovan (James B. Donovan, John P. Walsh and Patrick J. Hughes of counsel) appeared for National Bureau; Cleary, Gottlieb, Friendly & Hamilton (Henry J. Friendly, Lyman M. Tondel Jr., and Richard W. Hulbert of counsel) for Mutual Bureau, and Louis J. Lefkowitz attorney general, (Paxton Blair and Samuel A. Hirshowitz of counsel) for the department.

Illinois Field Club And Blue Goose Hold Annual Rallies

The annual meeting at Rockton of Illinois Fire Underwriters Assn. drew an attendance of 98 members and 22 guests. Harold R. Cannon, Home, presided at the business sessions at which new officers were elected and the name was changed to Illinois Capital Stock Insurance Assn.

L. W. Berg Jr., Aetna Casualty, was elected the new president, with R. L. McCreery, Crum & Forster, vice-president, and D. E. Arenz, Aetna Fire, 2nd vice-president.

Edith M. Riess is secretary-treasurer.

An entirely new executive committee was elected owing to transfers and promotions of some of the former members. Those named were: C. J. Gunther, Hanover; Bernard Jacobs, American; R. F. Drumm, Home; E. O. Wigell, Loyalty group; J. P. Braun, U.S.F.&G., and C. J. Massaro, Springfield F.&M.

Semple Wins PR Award

The public relations award went to John Semple, Home, for outstanding work in the public relations field.

The Illinois Pond of Blue Goose met concurrently with the field club and elected James D. Streich, St. Paul F.&M., most loyal gander, succeeding Kent L. Macy, New York Underwriters, who becomes wielder. John J. Rusco, Aetna Fire, is supervisor; Dale Stentz, Western Adjustment, custodian; Harold G. Scott, American, guardian, and L. G. Hines, Ohio Farmers, keeper.

Mr. Streich and Arthur L. Corey, Travelers, were named delegates to the Grand West, with H. R. Reinbach, Illinois Inspection Bureau, as alternate.

—

Richmond County (N.Y.) Assn. of Insurance Agents, with the junior chamber of commerce there, sponsored a Jaycee safe driving teen age "road-e-o," in New Dorp, Staten Island. Einar G. Johnson, safety chairman of the group was one of the judges.

William Bernhard (left), deputy general attorney of General Accident, shown presenting a plaque in honor of the Fred. S. James centennial anniversary to George W. Blossom Jr., president of Fred. S. James. Presentation was made at a dinner party given by General Accident in Chicago attended by John S. Kaufman, general manager, and John T. Orr, deputy general manager. Attending from the midwest department of General Accident were John S. Warren, manager, Richard Hourgan, claims manager, and Charles R. Eby assistant manager. Officers of Fred. S. James attending the gathering were George W. Blossom III, Francis R. Blossom Jr., F. Schuyler Dauwalter Arthur Jens Jr., K. O. Saunders, Harold F. Larson, and W. H. Stevens Jr.

Firemen's Gets Judgment Against Cooney Estate

Judge Sullivan in superior court at Newark has entered judgment of $621,442 against the estate of John R. Cooney, former president of Loyalty group, as a result of a civil suit by Firemen's. The company charged, in its efforts to recover, that Mr. Cooney had misappropriated more than $300,000 from the petty cash fund, which had not been used for corporate expenses. Included in the $621,442 is $241,902 in interest charges.

Last October the government placed a tax lien of $387,528, plus interest, on the Cooney assets. The latter has not been estimated but are reported to include real estate and a $200,000 life insurance policy. The government's claim will take priority over the judgment in favor of Firemen's.

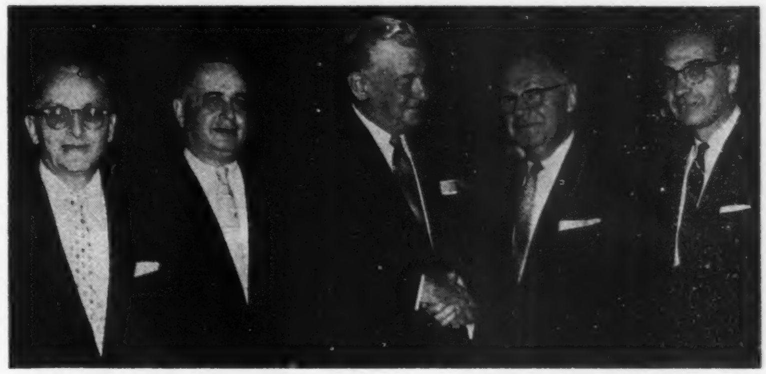
State Farm Auto Names 2 In Posts At Home Office

Ralph G. Fisher has been named assistant director of agency training for State Farm Mutual, and William Brownfield as general underwriting superintendent.

Mr. Fisher, a CLU, joined the company in 1951 as an agent at Roanoke, Va., and has served as state office supervisor, district manager, and supervisor of agency training.

Mr. Brownfield has been at St. Paul as underwriting superintendent of the company's North Central office since 1952.

Marks 50th Anniversary In Insurance



Emil L. Lederer, president Stewart, Keator, Kessberger & Lederer Insurance agency Chicago, known nationally for his activities with National Assn. of Insurance Agents over the years, was feted at a luncheon recently by the agency's brokers association to mark Mr. Lederer's 50th anniversary in the insurance business.

Principal speaker was Daniel B. Ryan, president Cook County (Ill.) Board of Commissioners, and at one time associated with Stewart, Keator, Kessberger & Lederer. Mr. Ryan, in eulogizing Mr. Lederer, commented on the number of successful men in the insurance business who had their start with the agency or were still with it.

Speaking briefly, Mr. Lederer pointed out that besides the material values he had gained in his 50 years in the business, his richest reward has been the friends and associates he has met and worked with. He said if he had to start all over again today at age 16, good times or bad, he would want to go into the selling end of the insurance business.

Shown in the picture are, from left, Max Thaler and Phil Flegel, chairman and co-chairman, respectively, of the luncheon; Mr. Ryan; Emil Lederer, and Robert K. Engel, president of the agency's brokers association.

Insurance Ad Men Meet On Cape Cod

(CONTINUED FROM PAGE 1)

manager of American International Underwriters, was elected president; J. K. Cagney, advertising manager of Hartford Fire, vice-president, and T. Ramsey Taylor, assistant secretary of U.S.F.&G., secretary-treasurer.

Named to the executive committee for two years were Fred F. Fletchner, secretary of Northern Assurance; Carl Nelson, assistant manager of London & Lancashire, and Miss Natalie Fisher, advertising manager of Employers.

Mr. Clement, program chairman, opened the first business session on Monday by stating that the editorial on communications in the June 6 issue of THE NATIONAL UNDERWRITER was required reading for everyone in the industry.

Robert G. Ives, insurance merchandising manager of Life, pointed out that today for the first time in history when sales go down in many fields advertising goes up. Formerly, the budget was increased only in lush times but now management regards advertising as an investment in a program which is constant and not on and in-and-out basis. He cited examples from a number of industries. Mr. Ives said that creative insurance marketing should consider the middle income consumer who controls 42% of the real spendable income of the country. He defined a marketing program as one which included research, design, testing, merchandising, packaging, pricing, credit and financing, accounting and billing, sales organization advertising and public relations.

In the brainstorm session, J. N. Cosgrove of THE NATIONAL UNDERWRITER suggested that IAC company merit awards be extended to include recognition for the company issuing the best news releases and allied features on a continuing basis to be judged by trade press editors.

Merit awards in the 1958 company advertising competition went to Hartford Fire, Fireman's Fund, U.S.F.&G. and Aetna Casualty for complete campaigns. Aetna Casualty and Travelers were cited for consumer magazine advertising and the latter repeated for a trade magazine advertisement. Other winners were Ohio Farmers for newspaper advertising and for miscellaneous sales promotion; Fireman's Fund, Hartford Fire and Royal Globe for direct mail; Travelers and Royal Globe for displays; Dominion Board of Underwriters, Fireman's Fund and Travelers for company publications; and Aetna Casualty for a recruiting booklet. A special award went to Royal-Globe for a home owners poster.

Bronze oscars for the best over-all advertising were awarded to agents in four classes of premium volume: 1) under $50,000; 2) $50-100,000; 3) $100-250,000; and 4) over $250,000. Winners were John Chestnut Jr., Clearwater, Fla.; Burdick's agency, Smithport, Pa.; John Roy Campbell agency, Harrison, Ark., and Detroit Insurance agency, respectively.

Oscarette winners in class 1 were Wesley Denton, Butler, Mo., for newspaper advertising, and Wilson A. Roberts, Williamstown, Mass., for radio. In class 2, Hilliard Bryant agency, Windsor, Conn., won for newspaper advertising and C. Walter Searle, Nutley, N. J., for direct mail Douglas agency of Mason City, Ia., took a special class 3 window display award and Boston agency, Warrensburg, Mo., and Bacon agency, El Dorado, Kans., won for newspaper and radio advertising, respectively. Class 4 winners were J. M. Winters and Sons, Quincy, Ill., for direct mail; Tucson Realty & Trust Co., Tucson, Ariz., for radio-TV, and Starkweather & Shepley, Providence, R. I., for newspapers.

Describe Huge Racket In New York

(CONTINUED FROM PAGE 1)

developed," according to the report. "Unlawful patterns of solicitation of cases have involved collaboration between attorneys, doctors, auto body repairmen, insurance brokers and other persons. A great number of instances of collusion between attorneys and doctors to defraud insurance carriers by the issuance of forged or fraudulent and exaggerated medical certificates and medical bills have been uncovered.

"Similarly, a large number of cases involving false and exaggerated loss of earning statements submitted to such carriers have been brought to light."

Also, the report declared, evidence has been developed of "widespread unlawful and unprofessional attempts to influence and to corrupt employes and others associated with insurance carriers in the processing of liability claims. The evidence in the investigation to date, encompassing approximately 3,000 negligence cases, establishes frauds totaling many millions of dollars upon these carriers and their policyholders."

The report recommends disciplinary proceedings against all 14 attorneys so far reported on, criminal proceedings against 10 of the attorneys, criminal proceedings against three insurance company adjusters, eight doctors, three auto body repairmen, three bail bondsmen, and five others who acted in concert with the guilty attorneys in numerous unlawful acts, and disciplinary proceedings against eight doctors who acted in concert with these attorneys.

The report implies that there will be a good many more recommendations of this nature.

Commenting on the size of the task undertaken by the inquiry, the report notes that in the years 1953-1957 inclusive, 122,933 statements of retainer were filed for Kings county alone with the appellate division, mostly in negligence cases.

Casualty Business Is A $170 Million Loser

(CONTINUED FROM PAGE 2)

from 1956, and premiums earned of $5,911,973,441. The loss ratio is 66.9 with a combined loss and expense ratio of 102.6 for a loss from underwriting before dividends to policyholders of $244,257,652 and a decrease in surplus of $373,417,114. The dividends to policyholders were $34,942,594.

Mutuals Up $33 Million

The mutual companies' net premiums written totaled $1,766,547,943, an increase of $33,654,170 from the previous year. The loss ratio for 1957 was 70.5 and expense ratio was 24.0, with a gain from underwriting before dividends to policyholders of $75,557,768 and a decrease in surplus of $715,083. The dividends to policyholders were $123,174,701.

A separate tabulation is given in the *Argus Chart* showing the totals of the same companies for premiums earned, losses and loss adjustment expenses incurred and the resultant loss ratio classified according to the casualty lines written. For the 131 stock companies, automobile premiums earned increased some $32 million to $2,349,503,000 with a loss ratio of 74.5, up 5.1 points from 1956. The worst offender in the automobile total was automobile bodily injury with a loss ratio of 80.9 as compared with 66.4 for physical damage and 68.9 for property damage. Group accident and health premiums increased 19% to $408,419,000 with the loss ratio increasing 1.9 points to 85.1. Workman's compensation increased some 34 million to $700,782,000 and the loss ratio reached 69.3 compared with 67.6 for 1956.

Concise Presentation Used

The new *Argus Casualty & Surety Chart* presents the statistics of individual companies in a clear and concise form with the major annual statement items shown for each of five years and five year totals of the "operating report" items. Special tables also show the territories where the companies operate; a list of company changes since 1951; the classification of the total premiums written by groups according to lines written, expressed as percentages of the total for each of 115 groups; a comprehensive underwriting and investment exhibit; and the latest obtainable statistics on each of the various state workmen's compensation funds.

Sells For $2.50 Per Copy

The casualty chart, like its companion in multiple line underwriting, the *Argus Fire Chart*, and the *Argus Accident & Sickness Chart* to be published in a few weeks, sells singly for $2.50 per copy and less in quantities. It is now being delivered from the reference book department of the National Underwriter Company, 420 East Fourth street, Cincinnati 2, and may also be obtained from any of its branch offices.

Teams To Aid Pa. Agents

Underwriters of Philadelphia has approved plans to form three educational teams to be made available to agents through their associations and real estate boards in Philadelphia and adjacent counties.

These teams will fill agent requests for the conduct of panel discussions on new types of policies, changes in present policies, salesmanship, basic insurance, policy writing and use of manuals. The club is undertaking this plan to assist the independent agent as the backbone of the business.

Phony Valuation In Proof Of Loss Voids Insurance

U. S. court of appeals at Chicago in a decision handed down June 19 upheld the right of an insurer to deny liability if the insured willfully misrepresents a material fact or falsely swears to a material fact. The decision upset that in trial court, which allowed $20,000 on $80,000 worth of insurance. The appeals court said it was the apparent theory of the trial court that since the plaintiff sustained a substantial loss by fire and the insurers did not pay and were not deceived by the claims, "the actual loss sustained should be paid."

The insured, M. B. Tenore and Joseph Scaramuzzo, partners d/b/a Rico Sales Co., a mail order gun business, sustained a loss in 1951, the night before the property was to be inspected by one of the insurers on the risk. After the fire, the salvaged merchandise was taken to a warehouse and Scaramuzzo placed a value on it of $78,698, a figure which was incorporated into the sworn proofs of loss.

The insurers refused to pay, the principal defense being that the valuation of Scaramuzzo was willful and false swearing making the policies void.

Some Termed "Junk"

It was pointed out in trial court that Scaramuzzo's valuations on many of the guns was the catalogue wholesale price for a new gun, although most of them were 50 years or more old and some were in what the court termed "junk" condition. The trial court accepted the evidence of two gun experts whose highest figure was $15,796, and then added enough incidentals to produce a total valuation of $20,000. This was $58,698 less than the valuation sworn to by Scaramuzzo. The appeals court remarked that it was not required to consider "the obviously false testimony of Scaramuzzo. Although many of the guns were in a junk class with missing parts, cracked stocks, sawed-off barrels, and practically all were more than 50 years old, Scaramuzzo swore in his testimony and in the proofs of loss that they were each worth $60.60, the catalogue wholesale value of a new gun. This was intentional false swearing as a matter of law. Even the trial court characterized Scaramuzzo's valuation as 'fantastic.' "

The court went on to say that if Scaramuzzo had valued a few of the guns at an excessive price and "displayed some effort to make an honest valuation as to the other guns," it might have been binding. But because Scaramuzzo "knowingly and willfully made false statements with regard to a material matter with intent to defraud," he was not entitled to recover anything.

The attorneys for the insurers were Clausen, Hirsh, Miller & Gorman of Chicago, and Scaramuzzo and Tenore were represented by Nathan & Klafter of Chicago.

Issue Rules In Ill. To Effect Internal Controls For Insurers

New rules have been issued by Director Gerber of Illinois to prevent a recurrence of the type of embezzlement that staggered Highway of Chicago to the tune of $1½ million.

Commenting on the new regulations, Mr. Gerber said many companies already meet the requirements, but his order makes it mandatory.

The effect of the department order is to put internal controls into operation in all Illinois companies. The manner of registration of securities is set forth, as is the manner in which they are to be purchased, held, and sold. New control requirements for bank balance verification and dual signature requirements are included, and officers and employes who handle securities or money must be covered by fidelity bonds. This had not been a requirement for all Illinois insurers in the past.

Details of the requirements have been sent to domestic insurers.